NEW ISSUE **RATINGS:**
Book-Entry-Only **(See "RATINGS" herein)**

In the opinion of Barnes & Thornburg, Indianapolis, Indiana, under existing laws, interest on the Notes (as hereinafter defined) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Notes. In the opinion of Barnes & Thornburg, Indianapolis, Indiana, under existing laws, interest on the Notes is exempt from income taxation in the State of Indiana, except for the financial institutions tax. See "TAX MATTERS" and Appendix C herein.

$349,205,000
INDIANA BOND BANK
Midyear Funding Program Notes
Series 2003 A

Dated: Date of Delivery Due: as shown below

The Midyear Funding Program Notes, Series 2003 A (the "Notes") to be issued by the Indiana Bond Bank (the "Bond Bank"), pursuant to a Note Indenture, dated as of June 1, 2003 (the "Indenture"), between the Bond Bank and BNY Trust Company of Missouri, St. Louis, Missouri, as trustee (the "Trustee") will bear interest from the date of delivery of the Notes at the rates per annum, and will mature on the date and in the principal amount set forth below. The Notes will be issued only as fully registered notes in the denomination of $5,000 or any integral multiple thereof. When issued, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interest in the Notes will be made in book-entry-only form. Purchasers of beneficial interests in the Notes (the "Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Notes. Interest on the Notes is payable at maturity, and such interest, together with the principal of the Notes, will be paid directly to DTC so long as the Notes are held in book-entry-only form. The final disbursement of such payments to the Beneficial Owners of the Notes will be the responsibility of the Direct Participants and the Indirect Participants, all as defined and more fully described herein. See "DESCRIPTION OF THE NOTES — Book-Entry-Only System."

The Notes are not subject to redemption prior to maturity.

The Notes are authorized by resolutions adopted by the Board of Directors of the Bond Bank and are issued under and secured by the Indenture, all pursuant to the laws of the State of Indiana (the "State"), particularly Indiana Code Title 5, Article 1.5 (the "Act"), for the purpose of providing funds to purchase tax anticipation obligations (the "Warrants") of certain Indiana school corporations, cities, townships, towns, counties, library corporations and special taxing districts (the "Qualified Entities") which are authorized under Indiana law to issue Warrants in anticipation of the receipt of property taxes described in Indiana Code Title 6, Article 1.1 ("Ad Valorem Property Taxes") levied and in the course of collection for the Qualified Entities (and (a) in the case of school corporations, which may, in addition, in the sole discretion of the Bond Bank, be issued in anticipation of State tuition support distributions in the course of collection and (b) in the case of a township, which may, in addition, in the sole discretion of the Bond Bank, be made in anticipation of other revenues to be received by the township on or before December 31, 2003) during 2003 to help with cash flow difficulties caused by the delays in Ad Valorem Property Tax distributions as a result of a general reassessment of real property in Indiana. The principal of and interest on the Notes are payable from the proceeds of Warrant payments and other moneys held under the Indenture, including funds made available by the Credit Facility and the Investment Agreement, each as defined and described herein. As a condition to participating in the Bond Bank's Midyear Funding warrant purchase program (the "Program"), each Qualified Entity has been required to enter into an Agreement, as defined and described herein, with the Bond Bank requiring, among other things, that the Qualified Entity pledge and appropriate sufficient Ad Valorem Property Taxes levied and in the course of collection (and in the case of school corporations, State tuition support distributions in the course of collection) during 2003 to pay principal of and interest on all of its Warrants purchased under the Program on their respective maturity dates.

The Notes are limited obligations of the Bond Bank payable solely out of the revenues and funds of the Bond Bank pledged therefor under the Indenture, as more fully described herein. The Notes do not constitute a general or moral obligation of the Bond Bank and a debt service reserve will not be maintained by the Bond Bank for the Notes. The Notes do not constitute a debt, liability or loan of the credit of the State of Indiana (the "State") or any political subdivision thereof, including any Qualified Entity, under the constitution and laws of the State or a pledge of the faith, credit and taxing power of the State or any political subdivision thereof, including any Qualified Entity. The Bond Bank has no taxing power.

MATURITY SCHEDULE

Maturity Date	Principal Amount	Interest Rate	Yield
April 15, 2004	$349,205,000	1.25%	0.93%

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Notes are being offered when, as and if issued by the Bond Bank and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Barnes & Thornburg, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed on for the Bond Bank, by special issuer's counsel, Baker & Daniels, Indianapolis, Indiana, for each of the Qualified Entities, by their bond counsel, Bingham McHale LLP, Indianapolis, Indiana, and Ice Miller, Indiana, Indianapolis, as applicable, for the Credit Facility Provider, The Bank of New York (the "Bank"), by its counsel, Emmet Marvin & Martin, LLP, New York, New York, and for the Underwriters by their counsel, Mayer, Brown, Rowe & Maw, Chicago, Illinois. It is expected that the Notes will be available for delivery to DTC on or about June 12, 2003.

JPMorgan **City Securities Corporation**

Date: June 6, 2003

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE BOND BANK OR BY THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, AND THERE SHALL NOT BE ANY SALE OF ANY OF THE SECURITIES DESCRIBED HEREIN BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION SET FORTH HEREIN HAS BEEN PROVIDED BY THE BOND BANK AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BOND BANK OR ANY OTHER PERSON SUBSEQUENT TO THE DATE AS OF WHICH SUCH INFORMATION IS PRESENTED.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE NOTES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE NOTES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

TABLE OF CONTENTS

OFFICIAL STATEMENT

$349,205,000

Indiana Bond Bank
Midyear Funding Program Notes
Series 2003 A

INTRODUCTION

The purpose of this Official Statement, including the cover page and the appendices, is to set forth certain information concerning the issuance and sale by the Indiana Bond Bank (the "Bond Bank") of its $349,205,000 aggregate principal amount of Midyear Funding Program Notes, Series 2003 A (the "Notes"). The Notes are authorized by a resolution adopted by the Board of Directors of the Bond Bank on May 13, 2003, and are issued under and secured by a Note Indenture dated as of June 1, 2003 (the "Indenture"), between the Bond Bank and BNY Trust Company of Missouri, St. Louis, Missouri, as trustee, registrar and paying agent (the "Trustee"), all pursuant to the laws of the State of Indiana (the "State"), particularly Indiana Code 5-1.5 (the "Act").

The Program

The Bond Bank has previously established and implemented a program (the "Advance Funding Program"), under which the Bond Bank provided funds to purchase temporary tax anticipation obligations (the "Advance Funding Program Warrants") issued by certain Indiana school corporations, cities, townships, towns, counties, library corporations and special taxing districts (the "Qualified Entities") which are authorized under Indiana law to issue warrants in anticipation of the receipt of property taxes described in Indiana Code Title 6, Article 1.1 ("Ad Valorem Property Taxes") levied and in the course of collection (and (a) in the case of some school corporations, such warrants were also issued in anticipation of State tuition support distributions in the course of collection, and (b) in the case of some townships, such warrants were also issued in anticipation of other revenues to be received by the township on or before December 31, 2003) during 2003, thereby alleviating cash flow difficulties through the financing of cash flow deficits.

In connection with the general reassessment of real property in the State, the Bond Bank has determined that it would be beneficial to certain Qualified Entities to establish and implement a program (the "Program") similar to the Advance Funding Program, under which the Bond Bank would purchase temporary tax anticipation obligations (the "Warrants") issued by certain Qualified Entities to provide a mechanism for financing all or a portion of anticipated cash flow shortfalls in one or more funds of such Qualified Entities during 2003 for which Ad Valorem Property Taxes in the course of collection have been budgeted, levied and appropriated for the payment of expenses of such funds. The proceeds from the sale of the Notes will be used (i) to purchase the Warrants of the Qualified Entities, (ii) to pay all or a portion of the fees to establish and provide a stand-by credit facility (the "Credit Facility") from The Bank of New York (the "Bank"), as security for the payment of a portion of the Notes, and (iii) to pay all or a portion of the costs of issuance of the Notes including Underwriters' discount. See "SECURITY

AND SOURCES OF PAYMENT FOR THE NOTES — The Qualified Entities and the Warrants" herein for a discussion of the Qualified Entities. The proceeds of the Warrants will provide funds in anticipation of the receipt by such Qualified Entities of Ad Valorem Property Taxes levied and in the course of collection (and in the case of school corporations, in addition, in the sole discretion of the Bond Bank, in anticipation of State tuition support distributions in the course of collection) during 2003. As of the date of the issuance of the Notes, each of the Qualified Entities will have entered into a Warrant Purchase Agreement (each, an "Agreement" and collectively, the "Agreements") with the Bond Bank governing the issuance of the Warrants by the Qualified Entities and the terms of purchase thereof by the Trustee on behalf of the Bond Bank. See "SUMMARY OF CERTAIN PROVISIONS OF THE WARRANT PURCHASE AGREEMENTS" in Appendix E.

Security and Sources of Payment for the Notes

The Notes will be issued under and secured by the Indenture. The principal of, and interest on, the Notes are payable from those revenues and funds of the Bond Bank which, together with the Warrants, are pledged pursuant to the Indenture for the benefit of the owners of the Notes without priority. The Notes do not constitute a general or moral obligation of the Bond Bank. The Bond Bank will not maintain a debt service reserve for the Notes and the provisions of Indiana Code 5-1.5-5, pertaining to a moral obligation of the Indiana General Assembly to replenish a debt service reserve, do not apply to the Notes. Neither the faith, credit nor taxing power of the State or any political subdivision thereof, including the Qualified Entities, is pledged to the payment of the principal of or interest on the Notes. The Notes are not a debt, liability, or loan of the credit of the State or any political subdivision thereof, including the Qualified Entities. The Bond Bank has no taxing power and has only those powers and sources of revenue set forth in the Act. The Notes are issued and secured separately from all other obligations issued by the Bond Bank.

The Notes are secured by the pledge of the Trust Estate established under the Indenture (the "Trust Estate"), which includes (a) all right, title and interest of the Bond Bank in, to and under the Warrants and the Agreements; (b) all right, title and interest in any and all other property, real, personal or mixed, from time to time conveyed, mortgaged, pledged, assigned or transferred as additional security under the Indenture by the Bond Bank or by anyone on behalf of the Bond Bank; (c) the proceeds from the sale of the Notes; (d) all revenues held in the Funds and Accounts (other than the Rebate Fund) under the Indenture; and (e) all rights of the Bond Bank in, to and under the Credit Facility. All Notes will be secured equally and ratably by all of the foregoing. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES."

The principal source of payment on the Notes will be the principal and interest payments received by the Bond Bank from the Qualified Entities under the Warrants. The principal of and interest on the Warrants are payable out of certain Ad Valorem Property Tax revenues as further described under the caption, "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES — Provisions for Payment of the Warrants." The principal of and interest on the Warrants may also be payable from tuition support distributions from the State to be received by certain Qualified Entities which are school corporations. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES — Provisions for Payment of the Warrants."

It is anticipated that the proceeds of the Notes will be used to purchase Warrants under the Program from the Qualified Entities described in, and in the amounts set forth in, Appendix A of this Official Statement. The Bond Bank may also purchase Warrants with the proceeds of the Notes from other Qualified Entities or in additional amounts from participating Qualified Entities if for any reason a Qualified Entity described in Appendix A does not participate, either in whole or in part, in the Program.

The Indenture provides that the Bond Bank will establish and maintain the Credit Facility with the Bank in the amount of $66,348,950, to secure the payment of a portion of the principal of and interest on the Notes, subject to reduction for amounts paid from time to time by the Bank for deposit into the General Fund pursuant to the provisions of the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES — Credit Facility." The Credit Facility will be pledged under the Indenture as part of the Trust Estate.

Full payment of the principal of and interest on the Notes is dependent upon investment earnings being realized on Warrant payments invested by the Bond Bank. It is expected that the Bond Bank will invest Warrant payments in an Investment Agreement with CDC Funding Corp., a subsidiary of CDC Finance – CDC IXIS, a bank (société anonyme) governed by French law (the "Financial Institution") providing for a fixed rate of return expected to produce such investment earnings. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES — The Investment Agreement."

The Notes

The Notes will mature on April 15, 2004 in the amount set forth on the cover hereof. Interest on the Notes will accrue over time at the rate per annum set forth on the cover hereof and will be payable upon the maturity of the Notes. The Notes will be issued in fully registered form in the denomination of $5,000 or any integral multiple thereof. See "DESCRIPTION OF THE NOTES — General Description."

When issued, the Notes will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Notes will be made in book-entry-only form. Purchasers of beneficial interests in the Notes (the "Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Notes. For so long as the Notes are held in book-entry-only form, interest on the Notes, together with principal of the Notes, will be paid by the Trustee directly to DTC. Neither the Bond Bank nor the Trustee will have any responsibility for a Beneficial Owner's receipt from DTC or its nominee, or from any Direct Participant (as hereinafter defined) or Indirect Participant (as hereinafter defined), of any payments of principal of or interest on any of the Notes. See "DESCRIPTION OF THE NOTES — Book-Entry-Only System."

If the Notes are no longer registered in the name of DTC or its nominee, the Notes may be transferred or exchanged by any Noteholder or any Noteholder's duly authorized attorney at the principal corporate trust office of the Trustee, to the extent and upon the conditions set forth in the Indenture, including the payment of a sum sufficient to cover any tax, fee or other governmental charge for any such transfer or exchange that may be imposed upon the Bond

Bank or the Trustee. See "DESCRIPTION OF THE NOTES — Transfer or Exchange of the Notes." For so long as the Notes are registered in the name of DTC or its nominee, the Trustee will transfer and exchange the Notes only on behalf of DTC or its nominee. Neither the Bond Bank nor the Trustee will have any responsibility for transferring or exchanging any Beneficial Owners' interests in the Notes. See "DESCRIPTION OF THE NOTES — Book-Entry-Only System."

The Bond Bank

The Bond Bank is a separate body corporate and politic, constituting an instrumentality of the State for the public purposes set forth in the Act. The Bond Bank is not an agency of the State, but is separate from the State in its corporate and sovereign capacity and has no taxing power. The Bond Bank is governed by a Board of seven Directors, including the Treasurer of the State, who serves as Chairman Ex Officio, and the Director of the State Department of Financial Institutions, who serves as a Director Ex Officio and five additional Directors, each appointed by the Governor of the State.

Under separate trust indentures and other instruments authorized under the Act, Bond Bank has previously issued and had outstanding as of June 1, 2003, an aggregate principal amount of approximately $2,812,015,000 in separate program obligations. Additionally, as of the date of this Official Statement, the Bond Bank is considering undertaking other types of financing for qualified entities for purposes authorized by and in accordance with the procedures set forth in the Act. The obligations issued by the Bond Bank in connection with any and all such financings, if any, will be secured separately from the Notes and will not constitute Notes under the Indenture or for purposes of this Official Statement.

The Act

Pursuant to the Act, the purpose of the Bond Bank is to assist "qualified entities," defined in the Act to include political subdivisions, as defined in Indiana Code 36-1-2-13, leasing bodies, as defined in Indiana Code 5-1-1-1(a), any commissions, authorities or authorized bodies of any qualified entity, and any organizations, associations or trusts with members, participants or beneficiaries that are all individually qualified entities. The Bond Bank provides such assistance through programs of, among other things, purchasing the bonds, notes or evidences of indebtedness of such qualified entities. Under the Act, "qualified entities" includes entities such as cities, towns, counties, townships, school corporations, library corporations, special taxing districts and nonprofit corporations and associations which lease facilities or equipment to such entities. Each of the entities described in Appendix A is a "qualified entity" within the meaning of the Act.

The Official Statement; Additional Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The information contained under the caption "INTRODUCTION" is qualified by reference to this entire Official Statement, including the Appendices hereto. This introduction is only a brief description and a full review should be made of this entire Official Statement, including the appendices hereto, as well as the documents summarized or described in this Official Statement. The summaries of and references to all documents, statutes and other instruments referred to in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the full text of each such document, statute or instrument. Certain terms used in this Official Statement are defined in Appendix B.

Information contained in this Official Statement with respect to the Bond Bank and the Qualified Entities and copies of the Indenture, the Credit Facility Agreement and the form of Agreement may be obtained from the Indiana Bond Bank, 2980 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204. The Bond Bank's telephone number is (317) 233-0888.

It is the Bond Bank's current policy to provide its financial statements to the holders of its obligations, including the Notes, upon written request. In addition, certain other information concerning the Bond Bank is available to the Trustee and holders of the Notes pursuant to the Indenture. See "CONTINUING DISCLOSURE".

SECURITY AND SOURCES OF PAYMENT FOR THE NOTES

The Notes are limited obligations of the Bond Bank payable only out of the Trust Estate. The Indenture creates a continuing pledge of and lien upon the Trust Estate to secure the full and final payment of the principal of, and interest on, all of the Notes. The Notes do not constitute a debt, liability or loan of the credit of the State or any political subdivision thereof, including any Qualified Entity, under the constitution of the State or a pledge of the faith, credit and taxing power of the State or any political subdivision thereof, including any Qualified Entity. The Bond Bank has no taxing power. The Notes do not constitute a general or moral obligation of the Bond Bank. The Bond Bank will not maintain a debt service reserve for the Notes and the provisions of Indiana Code 5-1.5-5 do not apply to the Notes. Indiana Code 5-1.5-5 pertains to the requirement that, if there is a deficiency in a debt service reserve fund securing obligations of the Bond Bank, the Chairman of the Bond Bank must certify the amount of such a deficiency to the Indiana General Assembly for its consideration on whether to appropriate funds to restore the debt service reserve fund to its requirement.

Under the Indenture, the Notes are secured by a pledge to the Trustee of the Trust Estate, which includes (a) all right, title and interest of the Bond Bank in, to and under the Warrants and the Agreements; (b) all right, title and interest in any and all other property, real, personal or mixed, from time to time conveyed, mortgaged, pledged, assigned or transferred as additional security under the Indenture by the Bond Bank or by anyone on behalf of the Bond Bank; (c) the proceeds from the sale of the Notes; (d) all revenues held in the Funds and Accounts (other than the Rebate Fund) under the Indenture; and (e) all rights of the Bond Bank in, to and under the Credit Facility.

The Qualified Entities and the Warrants

From the proceeds of the Notes, the Bond Bank intends to purchase and, upon purchase, will pledge to the Trustee the Warrants. The Warrants to be issued by the Qualified Entities and purchased by the Trustee on behalf of the Bond Bank under the Program are temporary intra-fiscal year borrowings of the Qualified Entities made in anticipation of the receipt of Ad

Valorem Property Taxes levied and in the course of collection (and in the case of school corporations may, in the sole discretion of the Bond Bank, be made in anticipation of State tuition support distributions in the course of collection) during 2003. See "THE PROGRAM" and "SUMMARY OF CERTAIN PROVISIONS OF THE WARRANT PURCHASE AGREEMENTS" in Appendix E.

The proceeds of the Notes are anticipated to be used by the Trustee to purchase the Warrants of the respective Qualified Entities described in, and in the amounts set forth in, Appendix A hereto. Certain information related to such Qualified Entities is set forth in Appendix A. As of the date of the issuance of the Notes, such Qualified Entities will have entered into Agreements with the Bond Bank. The Bond Bank may also purchase Warrants with the proceeds of the Notes from other Qualified Entities or in additional amounts from participating Qualified Entities if for any reason a Qualified Entity described in Appendix A does not participate, either in whole or in part, in the Program.

The Bond Bank will receive a Positive Cash Flow Certificate (as defined in Appendix B-1) on the date of the issuance of the Notes to the effect that the principal and interest payments on the Warrants, assuming (i) payment in accordance with the terms of the Warrants and (ii) investment earnings on the Warrant principal and interest payments, from the date of such payments through April 15, 2004, will at least be sufficient on the Payment Date to provide full payment of the principal of and interest on the Notes due on such Payment Date. See "The Investment Agreement" in this section.

Provisions for Payment of the Warrants

As a precondition to purchasing any Warrants issued in anticipation of Ad Valorem Property Taxes, the Bond Bank will require Qualified Entities to demonstrate that the estimated amount of Ad Valorem Property Taxes, levied and in the process of collection, exceeds the amount of the Warrants as required by the Program participation guidelines. Prior to purchasing any such Warrant issued under the Program, the Bond Bank will also require a Qualified Entity to have taken all actions and received all approvals necessary to levy and collect sufficient Ad Valorem Property Taxes during 2003 for the payment of its Warrants. See "THE PROGRAM — General" for a further discussion of the process by which Qualified Entities adopt and fix tax levies for Ad Valorem Property Taxes. See "REASSESSMENT" for a further discussion of the calculation and mailing of tax statements process. Certain Qualified Entities which are school corporations may, in addition, in the sole discretion of the Bond Bank, issue Warrants under the Program, in anticipation of State tuition support distributions in the course of collection during 2003. See "THE PROGRAM — Program Participation and Borrowing Limits." See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" and "SUMMARY OF CERTAIN PROVISIONS OF THE WARRANT PURCHASE AGREEMENTS" in Appendix E for further discussion of the preconditions to purchase the Warrants.

Unless delayed as a result of a reassessment of real property, Ad Valorem Property Taxes levied by Qualified Entities are due and payable to the treasurer of the county in which the Qualified Entity is located (each, a "County Treasurer") in two installments, one on May 10 and the other on November 10 of each fiscal year. See "– Procedures for Property Assessment, Tax Levy and Collection" below. Ad Valorem Property Taxes not paid by the date due are subject to imposition of a penalty and interest, which together with such taxes not paid constitute a lien on the property subject to the Ad Valorem Property Taxes. However, as a result of the process of reassessment of real property in Indiana in 2001, 2002 and 2003, it is anticipated that the payment and distribution of Ad Valorem Property Taxes during 2003 for the Qualified Entities will be delayed. See "REASSESSMENT" herein.

Unless delayed as a result of a reassessment of real property, receipts from Ad Valorem Property Tax collections are normally distributed through county auditors to Qualified Entities in two installments in each Fiscal Year, one in June and one in December, unless advance distributions are requested by, and made to, Qualified Entities. See "– Procedures for Property Assessment, Tax Levy and Collection" below and "SUMMARY OF CERTAIN PROVISIONS OF THE WARRANT PURCHASE AGREEMENTS" in Appendix E. To further assure the availability of funds on the date that the Warrants are due, the Agreements will require that a Qualified Entity participating in the Program must, no later than May 15, 2003, or November 15, 2003, as applicable, submit a request in accordance with Indiana law to the County Treasurer for advance distributions of not less than 95% of tax collections for each fund in anticipation of which Warrants have been issued and sold to the Bond Bank under the Program. Any Qualified Entity receiving advance tax distributions in excess of 5% of the total taxes in anticipation of which Warrants were issued will be required to invest such amounts for the payment of its Warrants in certain limited investments that mature no later than the due date of the respective Warrant. Under the Program, Warrants will be payable (i) on June 30, 2003 or, if later, the First Settlement Payment Due Date (as defined in the Warrant Purchase Agreements) or (ii) on December 31, 2003. The "First Settlement Payment Due Date" means the fourth Business Day (as defined in the Warrant Purchase Agreements) following the "First Semi-Annual Settlement," which is defined in the Warrant Purchase Agreements as the receipt by the Qualified Entity of its first semi-annual installment of revenues from taxes levied in 2002 and collectable in 2003 (including property tax replacement revenues) with respect to the fund in anticipation of which each Warrant is issued. Any Warrant may be prepaid at any time prior to December 31, 2003 upon giving the Trustee at least four Business Days' prior notice.

Subordination of Warrants

The proceeds of the Notes will be used to acquire Warrants in the aggregate principal amount of $349,228,411. Some of the Qualified Entities participating in the Program also participated in the Advance Funding Program. Those Qualified Entities issued Advance Funding Program Warrants that were acquired by the Bond Bank with the proceeds from its Advance Funding Program Notes, Series 2003 A issued on January 30, 2003 for the purpose of providing moneys for one or more of the Funds of each of those Qualified Entities, which Funds are also being financed with the proceeds of one or more of the Warrants of those Qualified Entities. The aggregate principal amount of these Advance Funding Program Warrants that will be outstanding on the date of issuance will be $346,083,363. The Warrants issued by those Qualified Entities under the Program will be subordinate to these Advance Funding Program Warrants and will be issued in the aggregate principal amount of $202,240,405 (the "Subordinate Warrants").

Each Subordinate Warrant shall be issued in an aggregate principal amount, which, together with the principal amount of the Advance Funding Program Warrants issued to provide moneys for the same Fund of the Qualified Entity, shall not exceed the limitations described in

"THE PROGRAM – Program Participation and Borrowing Limitations." With the exception of the Warrants and the Advance Funding Program Warrants, those Qualified Entities participating in the Program and the Advance Funding Program, will have no other warrants outstanding payable from the corresponding Funds of those Qualified Entities.

Each of the Qualified Entities participating in the Program that did not issue Advance Funding Program Warrants has represented that upon issuance of its Warrants, it will have no other warrants outstanding with respect to the Funds for which the Warrants are being issued, and that the Warrants shall not in any respect be subject to the prior payment of any other warrants outstanding as of the date of issuance thereof.

Procedures for Property Assessment, Tax Levy and Collection

Real and personal property in the State is assessed each year as of March 1. On or before August 1 each year, each county auditor must submit to each underlying taxing unit located within that county, a statement of (i) information concerning the assessed value of the taxing unit for the next calendar year, (ii) an estimate of the taxes to be distributed to the unit during the last six months of the current budget year.

By statute, the budget, tax rate and levy must be established: no later than the last meeting of the fiscal body in September for Marion County; no later than September 30 for all second class cities; and no later than September 20 for all other units. The budget, tax levy and tax rate are subject to review and revision by the Department of Local Government Finance which can lower, but not raise, the tax levy or tax rate unless the levy proposed by the Qualified Entity is not sufficient to make its debt service or lease rental payments. The Department of Local Government Finance must complete its actions on or before February 15 of the immediately succeeding calendar year.

On or before March 15, each county auditor prepares and delivers the final abstract of property taxes within the applicable county. The county treasurer mails tax statements the following April (but mailing may be delayed due to reassessment or other factors). Property taxes are due and payable to the county treasurer in two installments on May 10 and November 10. If an installment of taxes is not completely paid on or before the due date, a penalty of 10% of the amount delinquent is added to the amount due. On May 11 and November 11 of each year after one year of delinquency, an additional penalty equal to 10% of any taxes remaining unpaid is added. The penalties are imposed only on the principal amount of the delinquency. Property becomes subject to tax sale procedures on July 1 if a delinquency then exists with respect to an installment due on or before May 10 of the prior year. Each county auditor distributes property taxes collected to the various taxing units on or about the July 1 or January 1 after the due date of the tax payment.

Pursuant to State law, real property is valued for assessment purposes at its "true tax value" as defined in the 2002 Real Property Assessment Manual adopted by the Department of Local Government Finance (the "Manual"), and as interpreted in the rules and regulations of the Department of Local Government Finance, including the 2002 Real Property Assessment Guidelines, Version A (the "Guidelines") and the Real Property Assessment Manual Rule, 50 IAC 2.3. The Manual defines "true tax value" as "the market value in use of property for its current use, as reflected by the utility received by the owner or a similar user from that property." The Manual permits assessing officials in each county to choose any acceptable mass appraisal method to determine true tax value, taking into consideration the ease of administration and the uniformity of the assessments produced by that method. The Guidelines were adopted to provide assessing officials with an acceptable appraisal methodology, although the Manual makes it clear that assessing officials are free to select from any number of appraisal methods, provided that they are capable of producing accurate and uniform values throughout the jurisdiction and across all classes of property. The Manual specifies the standards for accuracy and validation that the Department of Local Government Finance will use to determine the acceptability of any alternate appraisal method.

"Gross Assessed Value" is equal to the true tax value. "Net Assessed Value" or "Taxable Value" represents the "Gross Assessed Value" less certain deductions for mortgages, veterans, the aged, the blind, economic revitalization, resource recovery systems, rehabilitated residential property, solar energy systems, wind power devices, coal conversion systems, hydroelectric power devices, geothermal devices, and tax-exempt property. The "Net Assessed Value" or "Taxable Value" is the value used for taxing purposes in the determination of tax rates.

If a change in assessed value occurs, a written notification is sent by either the township assessor or the county board of review to the affected property owner. Upon notification, if the owner wishes to appeal this action, the owner may file a petition requesting a review of the action. This petition must be filed with the county assessor within 45 days after the written notification is given to the property owner or May 10 of that year, whichever is later. While the appeal is pending, any taxes on real property that becomes due on the property in question must be paid in an amount based on the immediately preceding year's assessment or it may be paid based on the amount that is billed.

Indiana Code 6-1.1-21-5 provides each taxpayer with a property tax credit in an amount equal to sum of the following: (a) sixty percent (60%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year on all real and personal property; (b) approximately twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on real property; (c) and approximately twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on tangible personal property other than business personal property.

On December 4, 1998, the Indiana Supreme Court affirmed in part and reversed in part a ruling by the Indiana Tax Court that the true tax value method of valuing property for purposes of levying property taxes is unconstitutional. *Town of St. John v. State Board of Tax Commissioners*, 702 N.E.2d 1034 (Ind. 1998). The Indiana Supreme Court ruled that the true tax value method is constitutional but the cost schedules used by the State Board of Tax Commissioners (now known as the Department of Local Government Finance) were unconstitutional. This ruling affects only the valuation method and does not affect the ability of the Qualified Entity to levy an unlimited property tax to pay debt service. On May 31, 2000, the Indiana Tax Court ordered the State Board of Tax Commissioners to adopt the new assessment regulations by June 1, 2001 and to complete reassessment under those regulations by March 1, 2002. The State Board of Tax Commissioners published the new assessment rules, which were effective June 22, 2001 and reassessment is now under way. Neither the Bond Bank nor any Qualified Entity can predict (i) the extent to which reassessment will affect property tax collections or (ii) the timing of future judicial actions in the *Town of St. John* case, if any, or of legislation, regulations or rulings enacted to implement this ruling or property tax reform in general. Due to the Reassessment (as defined herein), it is anticipated that the payment and distribution of Ad Valorem Property Taxes to Qualified Entities will be delayed in 2003. See "RISK FACTORS." If such a delay occurs, the Qualified Entities have other alternatives for the payment of debt service, including using other funds or obtaining a temporary borrowing in anticipation of the delayed tax collections. However, no assurances can be given by the Bond Bank regarding the feasibility of any such alternatives.

Enforcement of Warrants

As the owner of the Warrants, the Bond Bank has available to it all remedies available to owners or holders of securities issued by the Qualified Entities. The Act provides that, upon the sale and delivery of any Warrants to the Bond Bank, the Qualified Entity is deemed to have agreed that all statutory defenses to nonpayment are waived in the event that such Qualified Entity fails to pay principal of, or interest on, such Warrants when due.

The Agreements will provide that to the extent permitted by law, any Warrant which is not paid on or before the due date will bear interest at the Reinvestment Rate (as defined in Appendix B) thereafter. Additionally, the Act authorizes the Bond Bank to collect from the Qualified Entities fees and charges for its services and empowers the Qualified Entities to contract for and to pay such fees and charges. Pursuant to each Agreement, each Qualified Entity will agree to pay to the Bond Bank an amount, if any, equal to all costs and expenses incurred by or on behalf of the Bond Bank from time to time as a result of any failure by such Qualified Entity to comply with any of the provisions of the Agreement.

Under the Program, each of the Qualified Entities will be required to pledge and appropriate sufficient Ad Valorem Property Taxes levied and in the course of collection to the payment of the Warrants. All Ad Valorem Property Taxes, including such taxes pledged and appropriated for the payment of the Warrants, will be deposited into the funds for which they have been levied but will not be separately held or otherwise segregated pending the payment of the Warrants, except for the East Chicago Public Library, which has agreed to enter into a deposit agreement pursuant to which Ad Valorem Property Taxes will be held separately. See "RISK FACTORS" and "SUMMARY OF INFORMATION REGARDING THE QUALIFIED ENTITIES" in Appendix A.

Each Qualified Entity has agreed under its Agreement to report to the Bond Bank on its compliance with certain covenants which the Qualified Entity will make regarding various actions and conditions necessary to preserve the tax-exempt status of interest paid on the Warrants. See "TAX MATTERS." The Bond Bank has also determined to consult with the Qualified Entities, as necessary from time to time, with regard to the actions needed to be taken by the Qualified Entities to preserve the excludability of the interest on the Notes from the gross income of the holders of the Notes for federal income tax purposes.

Credit Facility

The Credit Facility will be available to the Trustee pursuant to the terms of the Credit Facility and the Reimbursement Agreement (the "Credit Facility Agreement") dated as of June 1, 2003, by and between the Bond Bank and the Bank, and the assignment of the rights thereunder by the Bond Bank to the Trustee pursuant to the Indenture. The Credit Facility is a standby credit facility in an amount of $66,348,950, and secures the payment of a portion of the principal of and interest on the Notes (the "Maximum Available Credit"). Funds available under the Credit Facility provide for payment of a portion of the debt service on the Notes in the event one or more Qualified Entities fail to make principal and interest payments on their Warrants on a timely basis to the extent such defaults in payment on the Warrants and the lack of anticipated investment earnings resulting therefrom, if any, do not, in the aggregate, exceed the Maximum Available Credit. Thus, the Credit Facility only provides additional assurance of payment on the Notes in the event of limited defaults in payment by only a limited number of the participating Qualified Entities. The Credit Facility does not provide any additional assurance of payment of the Notes resulting solely from nonpayment or late payment of amounts payable to the Bond Bank pursuant to the Investment Agreement.

If, as a result of the nonpayment or late payment on Warrants and/or any deficiency in investment earnings corresponding thereto, the amount on deposit under the Indenture is not sufficient to pay the entire amount of interest and principal coming due on the Notes, the Trustee is required to request a disbursement from the Bank under the Credit Facility in an amount equal to such deficiency up to the Maximum Available Credit. See "OPERATION OF FUNDS AND ACCOUNTS — General Fund". The term of the Credit Facility extends from the date of issuance of the Notes to April 16, 2004. So long as no event of default has occurred under the Credit Facility Agreement, one disbursement may be used to provide for payment of principal of and interest on the Notes due on April 15, 2004. Upon seven banking days' prior notice to the Bond Bank and the Trustee, the Bank may terminate the Credit Facility by reason of an event of default. Under the Indenture, the Trustee is directed to request payment from the Bank in the amount of the Maximum Available Credit upon receipt of a notice of termination from the Bank by reason of an occurrence of an event of default.

Repayments to the Bank of amounts advanced to the Bond Bank pursuant to the Credit Facility, together with interest thereon, will be made solely from the moneys held in the General Fund under the Indenture and all investments of money held in the General Fund, subject only to the security interest therein granted by the Bond Bank to the Trustee for the benefit of the holders of the Notes. Further, under the terms of the Indenture, the Trust Estate has been pledged and otherwise granted to the benefit of the Bank to secure the Bond Bank's obligations under the Credit Facility Agreement and Credit Facility, provided that any interest in, lien on, or pledge of the Trust Estate in favor of the Bank will be junior and subordinate to any interest in, lien on, or pledge of the Trust Estate in favor of any owner of Notes other than the Bank. All fees imposed to establish and maintain the Credit Facility will be paid to the Bank quarterly in arrears from the proceeds of the Notes or otherwise. See "SUMMARY OF CERTAIN PROVISIONS OF THE CREDIT FACILITY AGREEMENT" in Appendix E.

In the opinion of legal counsel to the Bank, under current law and regulations, the Credit Facility Agreement constitutes the legal, valid and binding obligation of the Bank, enforceable in accordance with its terms except as limited by bankruptcy, insolvency, reorganization, moratorium and other laws related to, or affecting generally the enforcement of creditors' rights and remedies against national banking associations and that no opinion is expressed as to the availability against the Bank of equitable remedies, including specific performance and injunctive relief.

The Investment Agreement

It is expected that the Bond Bank will invest Warrant payments in an Investment Agreement with the Financial Institution providing for a fixed rate of return expected to produce the investment earnings necessary, together with the payments of principal of and interest on the Warrants, to pay the principal of and interest on the Notes. The Bond Bank will require the Financial Institution to be rated at least "Aa3" by Moody's Investors Service, Inc. ("Moody's") and "AA-" by Standard & Poor's, a Division of The McGraw-Hill Companies ("S&P"). Full payment of principal of and interest on the Notes is dependent upon investment earnings being paid pursuant to the Investment Agreement. However, there can be no assurance that the Financial Institution will be able to return the invested amounts and the investment earnings on a timely basis or at the rates contemplated under the Investment Agreement. Moreover, there can be no assurance that the Financial Institution will be able to return the invested amounts and the investment earnings on a timely basis or at the rates contemplated in the event of insolvency, bankruptcy or similar deterioration in financial condition of the Financial Institution. In the event that the Financial Institution fails to return the invested amounts or the investment earnings on a timely basis or at the rates contemplated under the Investment Agreement, the invested amounts and the investment earnings may be unavailable to pay debt service on the Notes. The Trustee may not request a disbursement by the Bank under the Credit Facility in the event that the invested amounts or the investment earnings are unavailable unless such unavailability is due to a late payment or nonpayment on the Warrants by one or more of the Qualified Entities.

THE PROGRAM

General

The Bond Bank established the Program in order to provide a mechanism for financing cash flow deficits which are anticipated by Indiana political subdivisions during the 2003 fiscal year due to delays in Ad Valorem Property tax distributions as a result of a general reassessment of real property in Indiana. The fiscal year for all Indiana political subdivisions is coextensive with the calendar year (the "Fiscal Year"). Indiana political subdivisions depend primarily on Ad Valorem Property Taxes, including Property Tax Replacement Fund moneys paid by the State to the political subdivisions, and State aid to meet operating expenses and to make capital expenditures or amortize debt incurred for capital expenditures. Indiana political subdivisions finalize budgets, hold hearings and adopt budgets and tax levies for the following Fiscal Year during the months of August and September of the preceding Fiscal Year and the same are reviewed by the appropriate County Board of Tax Adjustment and by the Department of Local Government Finance. The Department of Local Government Finance is directed by Indiana law to complete its review and approval of budgets and tax levies by February 15 of such following Fiscal Year. Property taxes for political subdivisions, which are collected during each Fiscal Year, are payable in two installments, which are normally due in May and November. By law, taxes are required to be collected by the county treasurer and distributed by the county auditor to the political subdivisions on or before June 30 and December 31, respectively, unless reassessment delays collection of Ad Valorem Property Taxes. However, because the timing of tax receipts rarely matches the timing of expenditures, political subdivisions routinely issue warrants in anticipation of the next succeeding payments of Ad Valorem Property Taxes to the extent authorized by State law. While the Program was established to finance cash flow deficits caused by the delays in Ad Valorem Property Tax distributions as a result of a general reassessment of real property in the State, Qualified Entities may still be permitted under the Program to finance cash flow deficits arising from such traditional timing differences between expenditures and tax receipts. The demand for such tax anticipation borrowings has increased and it is anticipated that it will continue to increase during 2003 among Qualified Entities because of the need to provide for cash flow deficits traditionally resulting from such timing differences as well as those resulting from delays anticipated in the collection process from the reassessment of real property in the State during 2001, 2002 and 2003.

Certain Qualified Entities which are school corporations may be entitled to tuition support funds from the State of Indiana. Tuition support means, with respect to a Qualified Entity which is a school corporation, the total amount of State tuition support the school corporation receives in a particular year for its basic programs pursuant to Indiana Code 21-3-1.7. The amount of tuition support to which a certain school corporation is entitled is determined using a formula with several factors, including a school corporation's average daily membership, its maximum general fund ad valorem property tax levy, the amount of federal aid it receives, and other factors. The tuition support for each school corporation is determined as part of the biannual budget process, and payments shall be made to the school corporations in 2003 on the first business day of each of the months of February through December and on December 30.

A Qualified Entity which is a school corporation may request to borrow additional funds from the Bond Bank based on the amount of tuition support that it anticipates receiving from the State of Indiana, but in no event in excess of 40% of the sum of the Ad Valorem Property Taxes levied and estimated for collection during 2003, and 80% of the sum of State tuition support distributions anticipated for collection during the period from July 1, 2003 through December 30, 2003, with respect to the fund or funds upon which a Warrant is to be issued. The Bond Bank, in determining the amount of Warrants to be purchased from a school corporation, may consider in the sole discretion of the Bond Bank, the anticipated amount of State tuition support distributions to be received by a school corporation. With respect to a township, the Bond Bank may consider, in the sole discretion of the Bond Bank, other revenues anticipated to be received by such township on or before December 31, 2003.

The taxpayers of each county receive a credit for property tax replacement in the amount of approximately 15%-20% of the Ad Valorem Property Tax liability of each taxpayer (the "Replacement Credit") for Ad Valorem Property Taxes which are due and payable in May and November of each year. Before August 31 and December 15 of each year, respectively, the State Department of Revenue (the "Department") is required by law to distribute to each county treasurer from the State property tax replacement fund (the "Property Tax Replacement Fund") one-half of the estimated distribution from that fund for that year for the county. Such distributions are equal to the estimated Replacement Credit, together with other property tax credits, given to taxpayers. On or before December 31 of each year or as soon thereafter as possible, the Department by law must make a final determination of the amount which should be distributed from the Property Tax Replacement Fund to each County Treasurer. The Department by law must deposit 50% of all collections of State gross retail and use taxes and a portion of corporate adjusted gross income tax revenues into the Property Tax Replacement Fund. If the aggregate amount allocated to the County Treasurers by the Department from the Property Tax Replacement Fund exceeds the balance of money in the Property Tax Replacement Fund, the amount of the deficiency is required by law to be transferred from the State general fund to the Property Tax Replacement Fund. The Auditor of the State is required by law to issue a warrant to the Treasurer of the State ordering the payment of the required amount to the Property Tax Replacement Fund. Distributions from the Property Tax Replacement Fund are a source of funds to compensate for the reduction in taxes caused by credits given to taxpayers and as such merely replace Ad Valorem Property Taxes pledged as security for the payment of the Warrants and do not constitute additional security for the payment of the Warrants. See "REASSESSMENT" herein.

The proceeds of a Warrant purchased by the Bond Bank from a Qualified Entity under the Program will be deposited in the fund for which such Warrant was issued and the Warrant will be payable from the Ad Valorem Property Taxes deposited to such fund; provided, however, that any school corporation may pay interest on a Warrant issued for any fund from the school corporation's debt service fund or general fund in the case of anticipated State tuition support distributions. Each Agreement will restrict the aggregate amount of Warrants that the Bond Bank is required to purchase or hold for a particular fund to the lesser of (i) the anticipated cash flow deficit for such fund for the applicable semiannual borrowing period or (ii) forty percent (40%) of the annual tax levy expected to be received in such fund during such annual period. Each Agreement will set forth the due dates for the Qualified Entity's Warrants, none of which may be later than the December 31 following the date of issuance for the Warrants of the Qualified Entities. Each Agreement will restrict the Qualified Entity from issuing any warrant or comparable obligation (each an "Additional Obligation") in anticipation of the revenues budgeted for the funds in anticipation of which the Warrants were issued without the consent of the Bond Bank and the Bank. See "SUMMARY OF CERTAIN PROVISIONS OF THE WARRANT PURCHASE AGREEMENTS" in Appendix E. It is anticipated by the Bond Bank that it will consent to certain cash flow borrowings by Qualified Entities participating in the Program made in anticipation of distributions of budgeted revenues for a fund in anticipation of which Warrants purchased under the Program were issued. See "Additional Borrowings." Prior to giving consent, the Bond Bank or the Bank would likely require that (a) such Additional Obligation be subordinated to any Warrants issued by the Qualified Entity and held by the Bond Bank, (b) such Qualified Entity demonstrate an ability to repay such Additional Obligation with revenues from a source other than Ad Valorem Property Taxes pledged to pay its Warrants or (c) such Qualified Entity otherwise demonstrate that the ability to pay its Warrants is not adversely affected by the issuance of such Additional Obligations. See "Authority to Issue Warrants" in this section. However, nothing requires the Bond Bank or the Bank to condition its consent to issuing an Additional Obligation on any specific requirements. See "SUMMARY OF CERTAIN PROVISIONS OF THE WARRANT PURCHASE AGREEMENTS" in Appendix E.

Determination of Program Needs

The Program has been designed to provide short-term loans to finance cash flow deficits incurred by each Qualified Entity prior to the receipt of Ad Valorem Property Taxes which are collected by the county in which such Qualified Entity is located. These short-term loans will be repaid out of Ad Valorem Property Tax proceeds due to be collected in 2003.

Prior to the commencement of the Program, Qualified Entities historically financed annual cash flow deficits by the public sale or private placement of warrants or by borrowing from other internal sources.

In the course of structuring the Program for 2003, the Bond Bank and its financial advisors have reviewed the history of the Program for prior years and other Bond Bank short-term loan programs, as well as other historical data, which provides information concerning typical Qualified Entities, and short-term loan demands financed by traditional methods.

Based upon (i) its prior experience with Qualified Entity borrowing from the particular or comparable Qualified Entities, (ii) a review of historical financing patterns and (iii) funding needs projected from data submitted by Qualified Entities, the Bond Bank and its financial advisors have determined the reasonably expected funding needs of the Qualified Entity participants of the Program. The proceeds of Notes are anticipated to be used by the Trustee to purchase the Warrants of the Qualified Entities described in Appendix A hereto. Each of the Qualified Entities will have entered into an Agreement with the Bond Bank as of the date of the issuance of the Notes. The Bond Bank may also purchase the Warrants with the proceeds of the Notes from other Qualified Entities or additional amounts from participating Qualified Entities in the Program if for any reason a Qualified Entity described in Appendix A does not participate, either in whole or in part, in the Program.

Authority to Issue Warrants

Various Indiana political subdivisions have authority to issue obligations in anticipation of the collection of revenues, including school corporations ("School Corporations"), counties ("Counties"), cities ("Cities"), towns ("Towns"), townships ("Townships") and library corporations ("Library Corporations"). Although certain of the Qualified Entities are authorized by law to issue Warrants, as described below, in a greater amount, the amount of Warrant borrowings under the Program is more restrictive as a result of Program limitations, including, among others, that the principal amount of Warrants issued may not exceed 80% of the taxes levied and estimated for collection during the semiannual period a Warrant is due and in anticipation of which such Warrants are issued with respect to the fund or upon which a Warrant is to be issued. See "Program Participation and Borrowing Limits" in this section.

School Corporations are authorized by law to issue warrants, upon the finding by their governing boards that an emergency exists for the borrowing of money with which to pay current expenses from a particular fund prior to the receipt of revenues from taxes already levied for such fund and in anticipation of the receipt of such revenues. The principal of such warrants is payable solely from the fund for which such taxes have been levied, but interest thereon may be paid either from the School Corporation's debt service fund or from the fund for which such taxes have been levied. Under Indiana law, the principal amount of warrants which a School Corporation may issue to be paid from a particular fund maturing on or before June 30 cannot exceed 80% of the amount of taxes estimated to be collected for and distributed to such fund on behalf of the School Corporation at the June settlement and distribution of such taxes, and the principal amount of warrants which a School Corporation may issue to be paid from a particular fund maturing after June 30 and on or before December 31 cannot exceed 80% of the amount of taxes estimated to be collected for and distributed to such fund on behalf of the School Corporation at the December settlement and distribution of such taxes. Additionally, if the Department of Local Government Finance, upon petition being filed by a School Corporation, concludes that such School Corporation cannot, in the ensuing calendar year, carry out the public educational duty committed to the School Corporation by law, the Department of Local Government Finance may award emergency financial relief in various forms, including, but not limited to, (a) providing a grant or grants to the School Corporation from any funds of the State that are available for such purpose, (b) permitting the School Corporation to borrow funds from the State that are available for such purpose, (c) permitting the School Corporation to borrow funds from a source other than the State or (d) allowing an advance or advances of funds that will become payable to such School Corporation under any law providing for the payment of State funds to School Corporations.

Counties are authorized by law to make temporary loans to meet current operating expenses, in anticipation of and not in excess of county revenues for the current fiscal year, which must be evidenced by tax anticipation warrants of the County. An ordinance authorizing the issuance of tax anticipation warrants must appropriate and pledge a sufficient amount of the funds and revenues in anticipation of which the warrants are issued to the punctual payment of the warrants. Interest on all warrants issued by Counties, including the Warrants, must cease to accrue upon their maturity, but under the Act and the Agreement, the Bond Bank is authorized to collect any costs resulting from the late payment by, and any required enforcement against, any County.

Cities and Towns are authorized by law to issue warrants by ordinance for the purpose of making temporary loans in anticipation of current revenues that have been levied and are being collected for the year in which issued. The ordinance authorizing such loans must appropriate and pledge to their payment a sufficient amount of the revenues in anticipation of which the warrants are issued and out of which they are payable.

Library Corporations may issue warrants by action of the local library board for the purpose of obtaining temporary loans in an amount not to exceed the uncollected and anticipated taxes for the current year which have been levied but are not yet collected.

Townships may issue warrants by action of the Township's Advisory Board for the purpose of obtaining temporary loans in an amount not to exceed 50% of the Township's total anticipated revenue for the remainder of the year in which the loans are taken out.

Other political subdivisions are authorized by law to issue warrants consistent with the borrowing limitations established under the Program.

Program Participation and Borrowing Limits

To be considered for participation in the Program, each Qualified Entity has submitted an application to the Bond Bank. Application information and data supplied by each Qualified Entity seeking to participate in the Program included among other things the following: the historical and estimated cash flow data during the current Fiscal Year and the two Fiscal Years immediately preceding the date of the application; a list of the ten largest taxpayers; tax collection history; historical and projected budget and levy information; and general economic and demographic information and data.

Upon receipt of applications for participation in the Program, each applying Qualified Entity was analyzed to determine, consistent with the purposes of the Bond Bank, whether a Qualified Entity would be permitted to participate in the Program. Such analysis consisted of an internal financial review undertaken by the Bond Bank with the assistance of Municipal Consultants, as financial advisor to the Bond Bank. The Qualified Entities described in Appendix A have applied for participation in the Program, have been analyzed by the Bond Bank and its financial advisor and have been approved for participation in the Program by the Board of Directors.

Based on documentation and estimates supplied by a Qualified Entity at or prior to the time of execution of its Agreement, the Bond Bank's financial advisor has performed certain computations to arrive at the maximum anticipated Cumulative Cash Flow Deficit with respect to such Qualified Entity's budget and the limitation based upon the applicable percentage of Ad Valorem Property Tax levies to be anticipated by the proposed Warrants. These computations, together with other Program limitations discussed herein, will serve as the basis for determining the maximum amount which a Qualified Entity is authorized to borrow from the Bond Bank under the Program.

Pursuant to the Agreements, each Qualified Entity will be required to represent and warrant certain matters to the Bond Bank in order to be eligible to participate in the Program. See "SUMMARY OF CERTAIN PROVISIONS OF THE WARRANT PURCHASE AGREEMENTS" in Appendix E. Under no circumstance may a Qualified Entity issue, in aggregate, warrants or other obligations in anticipation of Ad Valorem Property Taxes in excess of 80% of Ad Valorem Property Taxes levied and estimated for collection during 2003 with respect to the fund or funds upon which such warrants or other obligations are to be issued.

Subject to the last three sentences of this paragraph, for every Qualified Entity, the Bond Bank has limited the maximum amount for each Warrant maturing on December 31, 2003, which may be borrowed to the least of (a) 40% of the Ad Valorem Property Taxes levied and estimated for collection during 2003 with respect to the fund or funds upon which a Warrant is to be issued, (b) the maximum anticipated Cumulative Cash Flow Deficit projected during the Tax Period (as defined in Appendix B) or (c) the amount permitted pursuant to the laws of the State. Subject to the last three sentences of this paragraph, for every Qualified Entity, the Bond Bank has limited the maximum amount for each Warrant maturing on the First Settlement Payment Due Date, which may be borrowed to the least of (a) 40% of the Ad Valorem Property Taxes levied and estimated for collection during 2003 with respect to the fund or funds upon which a Warrant is to be issued, (b) the maximum anticipated Cumulative Cash Flow Deficit projected during the Tax Period or (c) the amount permitted pursuant to the laws of the State. The limitation set forth in each clause (a) above is based upon the amount of Ad Valorem Property Taxes levied for collection during 2003 as preliminarily certified by the Department of Local Government Finance, for Qualified Entities that issued Subordinate Warrants, on March 5, 2003, and for all other Qualified Entities participating in the Program, on April 21, 2003. A Qualified Entity which is a school corporation may request to borrow funds in excess of the maximum amount described in this paragraph, based on the amount of State tuition support distributions that a school corporation anticipates receiving from the State of Indiana, but in no event in excess of 40% of the sum of the Ad Valorem Property Taxes levied and estimated for collection during 2003 and 80% of the State tuition support distributions anticipated for collection during the period July 1 through and including December 30, 2003, with respect to the fund or funds upon which a Warrant is to be issued. The Bond Bank shall have sole discretion to determine the borrowing limits of a school corporation in light of any State tuition support distributions. With respect to a township, the Bond Bank shall have sole discretion to determine the borrowing limits of such township in light of other revenues to be received by the Qualified Entity on or before December 31, 2003.

Additional Borrowings

The Bond Bank may issue additional obligations ("Additional Notes") to finance a portion of the cash flow deficits of the Qualified Entities participating in the Program to the extent that such deficits (a) are expected to exceed the amount borrowed under the Program funded from the proceeds of the Notes and (b) will occur during the period commencing on July 1, 2003, and ending on December 31, 2003. The principal source of payment on such Additional Notes would be principal and interest payments received by the Bond Bank from such Qualified Entities under warrants issued in anticipation of the receipt by such Qualified Entities of Ad Valorem Property Taxes levied and in the course of collection during 2003. The Bond Bank may also issue Additional Notes on a parity with the Notes for such purposes or to purchase Warrants from other Qualified Entities not currently participating in the Program. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Additional Notes" in Appendix E. The respective warrants securing the Notes and the Additional Notes will be secured by the Ad Valorem Property Taxes levied in the course of collection and appropriated with respect to the fund or funds upon which such warrants are issued. Any such Additional Notes may be secured on a parity basis with the Notes. The principal amount of the Warrants pledged to the payment of the Notes and the Additional Notes will not exceed 40% of the Ad Valorem Property Taxes levied and in the course of collection during 2003 with respect to the fund or funds upon which any such Warrants are issued and with respect to such Warrants maturing (i) in 2003 on or before June 30, 2003 or (ii) during the period of July 1, 2003 through December 31, 2003.

REASSESSMENT

A general reassessment of real property in the State commenced in 2001 and is still continuing in many Counties in the State (the "Reassessment"). Property tax statements are normally mailed to taxpayers in March, but because of delays in the reassessment process following the reassessment date, many County Treasurers in the State have been unable to mail the tax statements on schedule and, accordingly, it is anticipated that the collection of the first semi-annual installment of Ad Valorem Property Taxes from taxpayers, and the distribution of the Township Assessors' collections of such Ad Valorem Property Taxes to taxing units, will be delayed beyond June 30, 2003. The existence and duration of such delays are expected to vary from County to County and are subject to a number of factors including the duration of the processing time necessary to complete the property tax assessment and collection process at the Offices of the County Assessors, the County Auditors and the County Treasurers and at the Department of Local Government Finance. The extent and duration of the delays cannot be precisely predicted at this time.

Under State law, a County Treasurer must mail the tax statement at least 15 days before the date on which the first installment of property taxes is due (normally May 10 of each year). After a County Treasurer collects the property taxes, the County Auditor must determine the amount of property taxes allocable to each taxing unit in the County before distributing the property taxes to the various taxing units. Normally, property tax payments are due on May 10 and November 10 and are distributed to the taxing units on or about June 30 and December 31, respectively. A taxing unit may request an advance of property taxes which have been collected from the County Auditor prior to the scheduled distribution.

Following a reassessment of real property in Indiana, notices of reassessment are mailed to taxpayers by the Township Assessors in the County. In order to appeal such reassessment, a taxpayer must file a petition with the County Assessor by the later of: (1) the date 45 days after the notice of reassessment is given to the taxpayer; or (2) May 10 of that year. Unless the collection of taxes is stayed pursuant to Indiana Code 4-21.5-5-9, as amended, the taxpayer shall pay taxes on the tangible property when the property tax installments come due, pending a final determination in the proceeding for judicial review. The amount of taxes which the taxpayer is required to pay, pending such final determination, shall be based on: (1) the assessed value reported by the taxpayer on the taxpayer's personal property return, if a personal property assessment is involved; or (2) an amount based on the immediately preceding year's assessment of real property, if an assessment of real property is involved.

Upon receipt of the petition from the taxpayer, the County Assessor shall forward a copy of the petition to the Township Assessor who made the challenged assessment. The Township Assessor shall, within 30 days after the receipt of the petition, attempt to hold a preliminary conference with the petitioner and resolve as many issues as possible. Within 10 days after the conference, the Township Assessor shall forward to the County Auditor and the County Assessor a completed response to the petition. The County Assessor shall immediately forward a copy of the response form to the petitioner and the County Property Tax Assessment Board of Appeals (the "Board of Appeals"). If after the conference there are items listed in the petition on which there is disagreement, the Board of Appeals shall hold a hearing within 180 days of the filing of the petition on those items of disagreement. The Board of Appeals shall have a written record of the hearing and prepare a written statement of findings and a decision on each item within 120 days of the hearing.

A taxpayer may obtain a review by the Indiana Board of Tax Review (the "Indiana Board") of a Board of Appeals' action with respect to the assessment of that taxpayer's tangible property. In order to obtain a review by the Indiana Board, the taxpayer must file a petition for review with the appropriate County Assessor within 30 days after the notice of the Board of Appeals' action is given to the taxpayer. The County Assessor shall transmit the petition for review to the Indiana Board within 10 days after it is filed. After receiving the petition, the Indiana Board shall conduct a hearing at its earliest opportunity. The Indiana Board shall make a determination within the later of 180 days after the hearing or the date set in an extension order issued by the Indiana Board, which may not exceed 180 days from the date of such extension order. Within 15 days after the Indiana Board gives notice of its final determination, the taxpayer may request a rehearing before the Indiana Board. The Indiana Board has 15 days after receiving a request for rehearing to determine whether to grant a rehearing. If a rehearing is held, the Indiana Board shall issue a final determination within 90 days after notifying the parties that the Indiana Board will rehear the final determination.

The taxpayer may petition for judicial review of the final determination of the Indiana Board within: (1) 45 days after the Indiana Board gives the taxpayer notice of its final determination, if a rehearing is not conducted by the Indiana Board; or (2) 30 days after the Indiana Board gives the taxpayer notice of its final determination if a rehearing is conducted by the Indiana Board. The petition for judicial review shall be filed and the process of judicial review commences with the Indiana Tax Court (the "Tax Court").

If the petition for review or the proceeding for judicial review is not finally determined by the last installment date for the taxes (normally November 10), the taxpayer, upon showing of cause by a taxing official or at the Tax Court's discretion, may be required to post a bond or provide other security in an amount not to exceed the taxes resulting from the contested assessment or increase in assessment. If a review or appeal results in a reduction of the amount of an assessment or if the Department of Local Government Finance on its own motion reduces an assessment, the taxpayer is entitled to a credit in the amount of any overpayment of tax on the next successive tax installment, if any, due in that year. If, after the credit is given, a further amount is due the taxpayer, he may file a claim for the amount due. If the claim is allowed by the Board of County Commissions, the County Auditor shall, without an appropriation being required, pay the amount due the taxpayer. The County Auditor shall charge the amount refunded to the taxpayer against the accounts of the various taxing units to which the overpayment has been paid.

In response to the delays caused by the Reassessment, the General Assembly recently amended Indiana Code Title 6, Article 1.1 to provide that, with respect to Ad Valorem Property Taxes on assessments determined for the 2002 assessment date, a County Treasurer may use a provisional property tax statement (the "Provisional Statement") if the County has failed to complete the Reassessment by March 16, 2003. The Provisional Statement must, except in certain cases, indicate tax liability in the amount of fifty percent (50%) of or, if requested by a County Auditor and approved by the Department of Local Government Finance, up to seventy percent (70%) of the tax liability payable in 2002 for the property for which the Provisional Statement is issued. Property taxes billed on a Provisional Statement are due in one installment on June 15, 2003 or, if requested by the County Treasurer, on one or two installments dates designated by the Department of Local Government Finance. Although some County Treasurers have elected to use a Provisional Statement to bill property taxes, the Bond Bank cannot predict how many more County Treasurers, if any, will do so.

RISK FACTORS

Purchasers of the Notes are advised of certain risk factors with respect to the payment of the Warrants by the Qualified Entities, and payment of the Notes at maturity. This discussion is not intended to be all-inclusive, and other risks may also be present.

The ability of the Bond Bank to pay principal of, and interest on, the Notes depends primarily upon the receipt by the Bond Bank of payments pursuant to the Warrants, including interest at the rates provided therein, from all Qualified Entities participating in the Program which are obligated to make such payments to the Bond Bank, together with earnings on the amounts in the Funds and Accounts sufficient to make such payments. The Bond Bank will not maintain a debt service reserve for the Notes and the provisions of Indiana Code 5-1.5-5 do not apply to the Notes. Indiana Code 5-1.5-5 pertains to the requirement that, if there is a deficiency in a debt service reserve fund securing obligations of the Bond Bank, the Chairman of the Bond Bank must certify the amount of such a deficiency to the Indiana General Assembly for its consideration on whether to appropriate funds to restore the debt service reserve fund to its requirement.

Except for the Credit Facility, there is no source of funds available to make up for any deficiencies in the event of one or more defaults by one or more Qualified Entities in such payments on the Warrants. There can be no representation or assurance that all of the Qualified Entities participating in the Program will receive sufficient taxes or other revenues or otherwise have sufficient funds available to make their required payments on the Warrants. The receipt of such revenues by any Qualified Entity is subject to, among other things, future economic conditions, actions by creditors, delays in tax collections as a result of reassessment and other conditions which are variable and not certain of prediction. For a description of procedures for providing for the payment of Warrants, see the captions "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES — Provisions for Payment of the Warrants," "— Procedures for Property Assessment, Tax Levy and Collection" and "THE PROGRAM". For a more detailed discussion of risk factors relating to specific Qualified Entities including, but not limited to, Lake County, the East Chicago Public Library, the School City of East Chicago and the City of Portage, see "SUMMARY OF INFORMATION REGARDING THE QUALIFIED ENTITIES" in Appendix A.

Some of the Qualified Entities participating in the Program issued Advance Funding Program Warrants that were acquired by the Bond Bank with the proceeds from the Advance Funding Program, which closed on January 30, 2003, for the purpose of providing moneys for one or more of the Funds of each of those Qualified Entities, which Funds are also being financed with the proceeds of one or more of its Warrants under the Program. The Warrants issued by those Qualified Entities will be subordinate to the Advance Funding Program Warrants. As such, the Qualified Entities participating in both the Advance Funding Program and the Program are obligated to retire the Advance Funding Program Warrants maturing on the same date as the Warrants prior to the Warrants.

To the extent the Trustee does not have sufficient funds on deposit under the Indenture to pay the entire amount of interest and principal coming due on the Notes (as a result of the nonpayment or late payment on Warrants and/or any deficiency in investment earnings corresponding thereto), the Trustee is directed to request payment from the Bank, up to the Maximum Available Credit, under the Credit Facility. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES — Credit Facility." The Maximum Available Credit under the Credit Facility is less than the aggregate principal and interest payments that will be due on the Notes, and thus there can be no assurance that amounts available under the Credit Facility will be sufficient to fund deficiencies and make debt service payments on all Notes in full on a timely basis in the event of one or more defaults by Qualified Entities in making payments on the Warrants. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES — Credit Facility." In the event there are not sufficient funds available to pay debt service on all Notes in full on a timely basis, available funds would be paid on a pro rata basis to the holders of the Notes. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" in Appendix E.

The ability of the Bank to honor a request for payment on the Credit Facility will be a function of its solvency at the time of such request for payment. See Appendix D for a discussion of the Bank and financial information related to the Bank. In the event that the Bank does not honor the request for payment on the Credit Facility or an event of default occurs under the Credit Facility Agreement and results in the termination of the Credit Facility, as defined and described in the Credit Facility Agreement, the rating on the Notes could be revised downward or withdrawn entirely.

It is expected that the Bond Bank will invest the payments of the principal of and interest on the Warrants in an Investment Agreement with the Financial Institution providing for a fixed rate of return expected to produce the investment earnings. The Bond Bank will require the Financial Institution to be rated at least "Aa3" by Moody's and "AA-" by S&P. Full payment of principal of and interest on the Notes is dependent upon investment earnings being paid pursuant to the Investment Agreement. However, there can be no assurance that the Financial Institution will be able to return the invested amounts and the investment earnings on a timely basis or at the rates contemplated under the Investment Agreement. Moreover, there can be no assurance that the Financial Institution will be able to return the invested amounts and the investment earnings on a timely basis or at the rates contemplated in the event of insolvency, bankruptcy or similar deterioration in the financial condition of the Financial Institution. In the event that the Financial Institution fails to return the invested amounts or the investment earnings on a timely basis or at the rates contemplated under the Investment Agreement, the invested amounts and the investment earnings may be unavailable to pay debt service on the Notes. The Trustee may not request a disbursement by the Bank under the Credit Facility in the event that the invested amounts or the investment earnings are unavailable unless such unavailability is due to a late payment or nonpayment on the Warrants by one or more Qualified Entities.

The remedies available to the Trustee, to the Bond Bank or to the owners of the Notes upon the occurrence of an Event of Default under the Indenture or under the terms of any of the Warrants purchased by the Bond Bank and the Agreement related thereto or the Investment Agreement or the Credit Facility Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the United States Bankruptcy Code), the remedies provided in the Indenture and under the Agreements, the Warrants, the Investment Agreement and the Credit Facility Agreement may not be readily available or may be limited.

DESCRIPTION OF THE NOTES

General Description

The Notes will be issued under the Indenture as fully registered notes in the denomination of $5,000 or any integral multiple thereof. The Notes will mature on April 15, 2004, in the amount, and will bear interest at the rate per annum, as set forth on the cover page of this Official Statement, computed on the basis of a 360-day year of twelve 30-day months. Interest on the Notes will be payable at maturity of such Notes as set forth on the cover page of this Official Statement (the “Payment Date”).

When issued, all of the Notes will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of beneficial interests from DTC in the Notes will be made in book-entry only form (without certificates) in the denomination of $5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Notes (the “Beneficial Owners”) will not receive physical delivery of certificates representing their interests in the Notes. So long as DTC or its nominee is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made directly by the Trustee by wire transfer of funds to Cede & Co., as nominee for DTC. Disbursement of such payments to the participants of DTC will be the sole responsibility of DTC, and the ultimate disbursement of such payments to the Beneficial Owners of the Notes will be the responsibility of the Direct Participants and the Indirect Participants, as defined herein. See “Book-Entry-Only System” in this section.

The Notes are not subject to redemption prior to maturity.

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note will be issued for each issue of the Notes, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust and Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has S&P's highest rating: AAA. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identify of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all the Notes are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Notes to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bond Bank or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Bond Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Bank or the Trustee, disbursements of such payments to Direct Participants will be the responsibility of DTC, and disbursements of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Bond Bank or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

The Bond Bank may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Bond Bank believes to be reliable, but the Bond Bank takes no responsibility for the accuracy thereof.

Revision of Book-Entry-Only System

In the event that either (i) the Bond Bank receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the Notes or (ii) the Bond Bank elects to discontinue its use of DTC as a clearing agency for the Notes, then the Bond Bank and the Trustee will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the Notes, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the Notes, and to transfer the ownership of each of the Notes, in accordance with the Indenture. See "Payment of the Notes" and "Transfer or Exchange of the Notes" in this section.

Payment of the Notes

If DTC or its nominee is not the registered owner of the Notes, the principal of and interest on the Notes is payable to the registered Owner thereof or his assignee upon maturity at the principal corporate trust office of the Trustee. Payment will be made in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. The Bond Bank may provide for the payment of principal of and interest on the Notes held by any Noteholder in amounts aggregating $1,000,000 or more by wire transfer or by such other method as may be acceptable to the Trustee and such Noteholder.

Transfer or Exchange of the Notes

Except as provided under "Book-Entry-Only System" in this section, any Note or Notes may be exchanged for new Notes of the same type at the principal corporate trust office of the Trustee in accordance with the Indenture. No service charge or payment will be required to transfer or exchange any Note, but the Bond Bank or the Trustee may require payment of a sum sufficient to cover any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

APPLICATION OF PROCEEDS

The following tabulation shows the application of proceeds of sale of the Notes.

Deposit to Warrant Purchase Fund	$349,228,411
Deposit to Costs of Issuance Fund[1]	908,966
Total	$350,137,377

[1] Inclusive of the Underwriters' discount and the Credit Facility Fee.

THE INDIANA BOND BANK

The Bond Bank was created in 1984, and is organized and existing under and by virtue of the Act as a separate body corporate and politic, constituting an instrumentality of the State for the public purposes set forth in the Act. The Bond Bank is not an agency of the State, but is separate from the State in its corporate and sovereign capacity and has no taxing power.

Powers Under the Act

Under the Act, the Bond Bank has a perpetual existence and is granted all powers necessary, convenient or appropriate to carry out its public and corporate purposes including, without limitation, the power to do the following:

1. Make, enter into and enforce all contracts necessary, convenient or desirable for the purposes of the Bond Bank or pertaining to a loan to or a lease or an agreement with a qualified entity, a purchase, acquisition or a sale of qualified obligations or other investments or the performance of its duties and execution of its powers under the Act;

2. Purchase, acquire or hold qualified obligations or other investments for the Bond Bank's own account or for a qualified entity at such prices and in a manner as the

Bond Bank considers advisable, and sell or otherwise dispose of the qualified obligations or investments at prices without relation to cost and in a manner the Bond Bank considers advisable;

3. Fix and establish terms and provisions upon which a purchase or loan will be made by the Bond Bank;

4. Prescribe the form of application or procedure required of a qualified entity for a purchase or loan and enter into agreements with qualified entities with respect to each purchase or loan;

5. Render and charge for services to a qualified entity in connection with a public or private sale of any qualified obligation, including advisory and other services;

6. Charge a qualified entity for costs and services in review or consideration of a proposed purchase, regardless of whether a qualified obligation is purchased, and fix, revise from time to time, charge and collect other program expenses properly attributable to qualified entities;

7. To the extent permitted by the indenture or other agreements with the owners of bonds or notes of the Bond Bank, consent to modification of the rate of interest, time and payment of installments of principal or interest, security or any other term of a bond, note, contract or agreement of any kind to which the Bond Bank is a party;

8. Appoint and employ general or special counsel, accountants, financial advisors or experts, and all such other or different officers, agents and employees as it requires;

9. In connection with any purchase, consider the need for and desirability or eligibility of the qualified obligation to be purchased, the ability of the qualified entity to secure financing from other sources, the costs of such financing and the particular public improvement or purpose to be financed or refinanced with the proceeds of the qualified obligation to be purchased by the Bond Bank;

10. Temporarily invest moneys available until used for making purchases, in accordance with the indenture or any other instrument authorizing the issuance of bonds or notes; and

11. Issue bonds or notes of the Bond Bank in accordance with the Act bearing fixed or variable rates of interest in aggregate principal amounts considered necessary by the Bond Bank to provide funds for any purposes under the Act; provided, that the total amount of bonds or notes of the Bond Bank outstanding at any one time may not exceed any aggregate limit imposed by the Act, currently fixed at $1,000,000,000. Such aggregate limit of $1,000,000,000 does not apply to (i) bonds or notes issued to fund or refund bonds or notes of the Bond Bank; (ii) bonds or notes issued for the purpose of purchasing an agreement executed by a qualified entity under Indiana Code 21-1-5; (iii) bonds, notes, or other obligations

not secured by a reserve fund under Indiana Code 5-1.5-5; and (iv) bonds, notes, or other obligations if funds and investments, and the anticipated earned interest on those funds and investments, are irrevocably set aside in amounts sufficient to pay the principal, interest, and premium on the bonds, notes, or obligations at their respective maturities or on the date or dates fixed for redemption.

Under the Act, the Bond Bank may not do any of the following:

1. Lend money other than to a qualified entity;

2. Purchase a security other than a qualified obligation to which a qualified entity is a party as issuer, borrower or lessee, or make investments other than as permitted by the Act;

3. Deal in securities within the meaning of or subject to any securities law, securities exchange law or securities dealers law of the United States, the State or any other state or jurisdiction, domestic or foreign, except as authorized by the Act;

4. Emit bills of credit or accept deposits of money for time or demand deposit, administer trusts or engage in any form or manner, or in the conduct of, any private or commercial banking business or act as a savings bank, savings and loan association or any other kind of financial institution; or

5. Engage in any form of private or commercial banking business.

Organization and Membership of the Bond Bank

The membership of the Bond Bank consists of seven Directors: the Treasurer of State, serving as Chairman Ex Officio, the Director of the State Department of Financial Institutions, appointed by the Governor and serving as Director Ex Officio, and five Directors appointed by the Governor of the State. Each of the five Directors appointed by the Governor must be a resident of the State and must have substantial expertise in the buying, selling and trading of municipal securities or in municipal administration or public facilities management. Each such Director will serve for a three-year term as set forth below and until a successor is appointed and qualified. Each such Director is also eligible for reappointment and may be removed for cause by the Governor. Any vacancy on the Board is filled by appointment of the Governor for the unexpired term only.

The Directors elect one Director to serve as Vice Chairman. The Directors also appoint and fix the duties and compensation of an Executive Director, who serves as both secretary and treasurer. The powers of the Bond Bank are vested in the Board of Directors, any four of whom constitute a quorum. Action may be taken at any meeting of the Board by the affirmative vote of at least four Directors. A vacancy on the Board does not impair the right of a quorum to exercise the powers and perform the duties of the Board of Directors of the Bond Bank.

Directors

The following persons, including those persons with the particular types of experience required by the Act, comprise the present Board of Directors of the Bond Bank:

Tim Berry, Treasurer of the State of Indiana, February 10, 1999 to present and Chairman Ex Officio. Residence: Indianapolis, Indiana. Member, Indiana State Board of Finance; Vice-Chairman, Indiana Housing Finance Authority; Secretary-Investment Manager, Indiana Board for Depositories; Member, Governing Board of the Indiana Department of Revenue; Treasurer, Indiana State Office Building Commission; Treasurer, Indiana Recreational Development Commission; Trustee, Indiana State Police Pension Fund; Board Member, Indiana Transportation Finance Authority; Allen County, Indiana Treasurer 1990 to February, 1999.

Charles W. Phillips, Director of the Indiana Department of Financial Institutions, 1989 to present, and Director Ex Officio, serving at the pleasure of the Governor. Residence: New Albany, Indiana. Director Ex Officio, Indiana Housing Finance Authority; President, Floyd County Bank, New Albany, Indiana, 1962 to 1985; Former Examiner, Federal Deposit Insurance Corporation.

Clark H. Byrum, Vice Chairman; term expires July 1, 2003. Residence: Indianapolis, Indiana. Chairman of the Board and President, The Key Corporation, Indianapolis, Indiana, 1977 to present; Chairman of the Board, American State Bank of Lawrenceburg, Aurora and Greendale, Indiana, 1990 to present; Board Member, NCB Corporation and Norcen Bank, 1986 to present; Member, American Bankers Association; Member, Indiana Bankers Association; Member, National Association of Life Underwriters.

C. Kurt Zorn, Director; term expires July 1, 2003. Residence: Bloomington, Indiana. Professor of Public and Environmental Affairs, Indiana University, 1994 to present; Chairman, State Board of Tax Commissioners, January 1991 to August 1994; Associate Professor, School of Public and Environmental Affairs, Indiana University, 1987 to 1994 (on leave 1989 to 1992); Member, American Economic Association; Member, National Tax Association; Member, Governmental Finance Officers Association.

Russell Breeden, III, Director; term expires July 1, 2003. Residence: Indianapolis, Indiana. Chairman of the Board and CEO, Community First Financial Group, Inc., 1993 to 2002. Director, English State Bank, 1993 to present; Chairman, Peoples Trust Bank Company, 1994 to present; Chairman, Peninsula Banking Group, 1995 to present; Chairman, Bay Cities National Bank, 1995 to present; Director and President, Bettenhausen Motorsports, Inc., 1988 to present.

Marni McKinney; Director, term expires July 1, 2004. Residence: Indianapolis, Indiana. Vice President, First Indiana Bank, 1984 to 1999; Chairman of the Board, 1999 to present; President and CEO, The Somerset Group, 1995 to 2000; Vice Chairman and Chief Executive Officer, First Indiana Corporation, 1999 to present; Board of Directors, The Children's Museum, Community Hospitals of Indiana, Inc.; Investment Committee Member, The Indianapolis Foundation.

Morris H. Mills, Director, term expires July 1, 2003. Residence: Ladoga, Indiana. Partner, Mills Bros. Farms; Member, Indiana State Senate, 1972 to 2000; Member, Indiana State House of Representatives, 1968 to 1972; Director and Officer, Maplehurst Group, 1954 to 1996.

The Directors are authorized to appoint and fix the duties and compensation of an Executive Director, who serves as both secretary and treasurer of the Board of Directors. Dan Huge was appointed Executive Director of the Indiana Bond Bank on October 9, 2001. Mr. Huge previously served as the Deputy Director of the Indianapolis Local Public Improvement Bond Bank for over three years. Mr. Huge has over 14 years of corporate accounting and managerial experience. He is a Certified Public Accountant and holds a B.S. from Purdue University.

REVENUES, FUNDS AND ACCOUNTS

Creation of Funds and Accounts

The Indenture establishes the following special trust funds and accounts to be held by the Trustee:

1. General Fund;
2. Costs of Issuance Fund;
3. Warrant Purchase Fund; and
4. Rebate Fund.

Deposit of Net Proceeds of the Notes

The Trustee will deposit the net proceeds from the sale of the Notes as follows:

1. To the Costs of Issuance Fund, in the amount needed to pay the costs of issuance of the Notes (other than Underwriters' discount) and any Additional Notes;
2. To the Costs of Issuance Fund to be paid to the Bank, in the amount needed to pay the fees owed upon issuance of the Credit Facility; and
3. To the Warrant Purchase Fund, the balance of the proceeds of the Notes available for the purchase of Warrants from Qualified Entities under the Program.

The Trustee will deposit the proceeds of any Additional Notes as provided in a Supplemental Indenture authorizing the issuance of such Additional Notes.

Deposit of Revenues and Other Receipts

The Trustee will deposit all Revenues into the Funds and Accounts as follows:

1. All payments of principal of and interest on Warrants paid by Qualified Entities, and all payments, if any, made by the Bank to the Bond Bank pursuant to the Credit Facility, will be deposited in the General Fund;

2. All income or gain from the investment of moneys (except moneys in the Rebate Fund), and all other Revenues will be deposited in the General Fund; and

3. All income or gain from the investment of moneys in the Rebate Fund will remain in the Rebate Fund.

In the event the Trustee receives moneys from a Qualified Entity to be applied to the payment of the principal of or interest on a Subordinate Warrant with the same maturity date as that of an Advance Funding Program Warrant or on or after the maturity date of an Advance Funding Program Warrant for the same Fund of such Qualified Entity upon which such Warrants were issued, the Trustee shall deposit such payments first in the Advance Funding Program General Fund until the principal and interest due on such Advance Funding Program Warrant is fully paid and then shall deposit the remainder in the General Fund. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES — Provisions for Payment of the Warrants."

OPERATION OF FUNDS AND ACCOUNTS

Costs of Issuance Fund

Upon issuance of the Notes and receipt of a requisition signed by an Authorized Officer of the Bond Bank, the Trustee will disburse the amounts held in the Costs of Issuance Fund for the payment of the expenses of the issuance of the Notes (as well as the expenses of the issuance of any interim or temporary notes), including, but not limited to, bond or reserve fund insurance premiums, credit enhancement or credit facility fees, the fees and expenses of Bond Counsel and general counsel to the Bond Bank, fees and expenses of the Trustee, the cost of reproducing documents, filing and recording fees, the cost of printing, execution, authentication, transportation and safekeeping of the Notes (including fees and expenses in connection with the utilization of a book-entry system for the Notes), fees and expenses of accountants and professional consultants, fees and expenses of any rating agencies and all other fees and expenses payable or reimbursable, directly or indirectly, by the Bond Bank prior to or concurrently with and in connection with the issuance and sale of the Notes. At such time as an Authorized Officer certifies that all costs of issuance have been paid, and in any event not later than 180 days following the issuance of the Notes, the Trustee will transfer any amounts remaining in the Costs of Issuance Fund (other than the remainder of the amount deposited therein to pay the fees imposed to maintain the Credit Facility) to the General Fund.

General Fund

The Trustee will disburse amounts in the General Fund as follows and in the following order of priority:

1. At any time any amounts required to be transferred to the Rebate Fund;

2. Not later than 12:00 noon, Indianapolis time, on each Payment Date, such amounts as may be necessary, if any, to pay interest due to be paid on Outstanding Notes on such Payment Date;

3. Not later than 12:00 noon, Indianapolis time, on each Payment Date, such amounts as may be necessary, if any, to pay principal due to be paid on Outstanding Notes on such Payment Date;

4. At such time as may be necessary for the payment of Program Expenses (as defined in Appendix B-1), but only upon receipt by the Trustee of a requisition from an Authorized Officer (as defined in Appendix B-1) describing the Program Expenses, and only to the extent that such Program Expenses, together with all other Program Expenses paid or payable following the date of the most recent Cash Flow Certificate (as defined in the Indenture), do not exceed the amount of such Program Expenses contemplated by such Cash Flow Certificate;

5. At such times as may be required pursuant to the Credit Facility Agreement, to the Bank such amounts as may be necessary to pay amounts, if any, due under the Credit Facility Agreement; provided that such payments shall be made only after amounts then due and owing to Noteholders (other than the Bank) have been made; and

6. At such times as the Bond Bank may determine, after making all the transfers required and on submission by the Bond Bank of a Cash Flow Certificate giving effect to such transfer, to any Fund or Account or other fund or account of the Bond Bank in the discretion of the Bond Bank.

If, at 9:00 a.m., Indianapolis time, on the Business Day prior to any Payment Date, the amount expected to be on deposit in the General Fund will be insufficient to pay the entire amount of interest and principal due on Outstanding Notes on such Payment Date (as a result of the nonpayment or late payment on Warrants and/or deficiency in or nonpayment of investment earnings corresponding thereto), then, no later than 10:00 a.m., Indianapolis time, on such Business Day, the Trustee will request payment from the Bank under the Credit Facility Agreement, and such amounts will be deposited into the General Fund and used, first for the payment of interest due on the Outstanding Notes and second for the payment of principal due on the Outstanding Notes.

Warrant Purchase Fund

The Trustee will disburse the funds held in the Warrant Purchase Fund to purchase the Warrants from the Qualified Entities upon submission of a requisition of the Bond Bank signed by an Authorized Officer stating that all requirements for the purchase of the Warrants set forth in the Indenture and in the Agreement have been met. See “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” and “SUMMARY OF CERTAIN PROVISIONS OF THE WARRANT PURCHASE AGREEMENTS” in Appendix E. After purchase of all of the Warrants, any excess amounts held in the Warrant Purchase Fund will be transferred to the General Fund which transfer will not be later than December 31, 2003.

Rebate Fund

Upon the direction of the Bond Bank, the Trustee will deposit amounts for the benefit of the Bond Bank from the General Fund into the Rebate Fund. All income from investments of moneys held in the Rebate Fund will be deposited into the Rebate Fund. In the event and to the extent that amounts in the Rebate Fund exceed amounts required to be rebated to the United States of America, the Trustee will transfer such excess amounts to the General Fund upon direction of the Bond Bank. Not later than 60 days after the final maturity date of the Notes, and upon the written request of the Bond Bank, the Trustee will pay the United States of America the amounts directed by the Bond Bank at the location specified in such direction and with the reports, forms and documentation provided by the Bond Bank.

Amounts Remaining in Funds

Any amounts remaining in any Fund or Account after full payment of all of the Notes outstanding under the Indenture, all required rebate payments to the United States of America and the fees, charges and expenses of the Trustee and the Bank will be distributed to the Bond Bank.

Investment of Funds

Moneys held as a part of any Fund or Account under the Indenture, including without limitation the Rebate Fund, will be invested and reinvested at all times as fully as reasonably possible by the Trustee in investments defined to be Investment Securities under the Indenture and in accordance with the provisions of the Act and the terms and conditions of the Indenture.

The Bond Bank shall direct the Trustee (with such direction to be confirmed in writing) in the investment of such moneys. The Bond Bank will so direct the Trustee, and the Bond Bank will make all such investments of moneys under the Indenture, in accordance with prudent investment standards reasonably expected to produce the greatest investment yields while seeking to preserve principal and to avoid causing any of the Notes to become arbitrage bonds under the Code. The Bond Bank has directed the Trustee to invest all moneys held in the General Fund relating to the Notes pursuant to the provisions of the Investment Agreement.

All investments will be a part of the Fund or Account from which moneys were used to acquire such investments, and all income and profits on such investments (other than from amounts on deposit in the Rebate Fund or any Account created thereunder) will be deposited as received in the General Fund. Any investment losses will be charged to the Fund or Account from which moneys were employed to invest in the Investment Security, and the Trustee will not be liable for any investment losses so long as the Trustee complies with the provisions of the Indenture. Moneys in any Fund or Account will be invested in Investment Securities with maturity dates (or redemption dates determinable at the option of the owner of such Investment Securities) coinciding as nearly as practicable with the times at which moneys in such Funds or Accounts will be required for transfer or disbursement under the Indenture. The Trustee will sell and reduce to cash at the best price reasonably obtainable sufficient amounts of such Investment Securities in the respective Fund or Account as may be necessary to make up a deficiency in any amounts contemplated to be disbursed from such Fund or Account.

Obligations purchased as investments of moneys in any Fund or Account with a stated maturity of less than two years will be valued at cost, including paid accrued interest and unamortized debt discount. Other such obligations will be valued at the cost, including accrued interest paid and unamortized debt discount, or market value thereof, whichever is lower, exclusive of earned accrued interest.

The Bond Bank certifies to the owners of the Notes outstanding, that amounts on deposit in any Fund or Account in connection with the Notes, regardless of whether such amounts are derived from the proceeds of Notes or any other source, are not intended to be used in a manner which will cause the interest on the Notes to lose its excludability from gross income for federal income tax purposes.

THE NOTES AS LEGAL INVESTMENTS

Under the Act all financial institutions, investment companies, insurance companies, insurance associations, executors, administrators, guardians, trustees and other fiduciaries in the State may legally invest sinking funds, money or other funds belonging to or within the control of such fiduciaries in the bonds and notes of the Bond Bank issued under the Act.

LITIGATION

Bond Bank

There is not now pending or, to the Bond Bank's knowledge, threatened any litigation (1) restraining or enjoining the issuance, sale, execution or delivery of the Notes, (2) prohibiting the Bond Bank from purchasing the Warrants with the proceeds of such Notes, (3) in any way contesting or affecting the validity of the Notes or (4) restraining or enjoining any proceedings of the Bond Bank taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the Notes. Neither the creation, organization or existence of the Bond Bank nor the title of any of the present Directors or other officers of the Bond Bank to their respective offices is being contested.

Qualified Entities

Upon the issuance of the Warrants, the Bond Bank will receive a certification from each Qualified Entity described in Appendix A to the effect that there is not now pending or, to the best knowledge of such Qualified Entity, threatened any litigation restraining or enjoining (i) the execution of the Warrants or the Agreements or (ii) any proceedings of such Qualified Entity taken with respect to the Warrants or the pledge or application of any moneys or security provided for the payment of the Warrants, or in any way contesting or affecting the validity of the Warrants or the Agreements.

TAX MATTERS

In the opinion of Barnes & Thornburg, Indianapolis, Indiana, Bond Counsel, under existing laws, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Notes (the "Code"). The opinion of Barnes & Thornburg is based on certain certifications, covenants and representations of the Bond Bank and the Qualified Entities issuing the Warrants and is conditioned on continuing compliance therewith. In the opinion of Barnes & Thornburg, Indianapolis, Indiana, Bond Counsel, under existing laws, interest on the Notes is exempt from income taxation in the State for all purposes except the State financial institutions tax. See Appendix C for the form of opinion of Bond Counsel.

The Code imposes certain requirements which must be met subsequent to the issuance of the Notes as a condition to the exclusion from gross income of interest on the Notes for federal income tax purposes. Noncompliance with such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issue, regardless of the date on which noncompliance occurs. Should the Notes bear interest that is not excluded from gross income for federal income tax purposes, the market value of the Notes would be materially and adversely affected. It is not an event of default if interest on the Notes is not excludable from gross income for federal income tax purposes pursuant to any provision of the Code which is not in effect on the date of issuance of the Notes.

The interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, interest on the Notes is included in adjusted current earnings in calculating corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Notes are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, include all corporations which are transacting the business of a financial institution in the State. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code.

Although Bond Counsel will render an opinion that interest on the Notes is excluded from gross income for federal income tax purposes and exempt from State income tax, the accrual or receipt of interest on the Notes may otherwise affect an owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the owner's particular tax status and the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Notes should consult their own tax advisors with regard to the other tax consequences of owning the Notes.

The foregoing does not purport to be a comprehensive description of all of the tax consequences of owning the Notes. Prospective purchasers of the Notes should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Notes.

AMORTIZABLE BOND PREMIUM

The initial public offering price of the Notes is greater than the principal amount payable at maturity. As a result, the Notes will be considered to be issued with amortizable bond premium (the "Bond Premium"). An owner who acquires a Note in the initial public offering will be required to adjust the owner's basis in the Note downward as a result of the amortization of the Bond Premium, pursuant to Section 1016(a)(5) of the Code. Such adjusted tax basis will be used to determine taxable gain or loss upon the disposition of the Notes (including sale or payment at maturity). The amount of amortizable Bond Premium will be computed on the basis of the taxpayer's yield to maturity. Rules for determining (i) the amount of amortizable Bond Premium and (ii) the amount amortizable in a particular year are set forth in Section 171(b) of the Code. No income tax deduction for the amount of amortizable Bond Premium will be allowed pursuant to Section 171(a)(2) of the Code, but amortization of Bond Premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining other tax consequences of owning the Notes. Owners of the Notes should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon the sale or other disposition of such Notes and with respect to the state and local tax consequences of owning and disposing of the Notes.

Special rules governing the treatment of Bond Premium, which are applicable to dealers in tax-exempt securities, are found at Section 75 of the Code. Dealers in tax-exempt securities are urged to consult their own tax advisors concerning the treatment of Bond Premium.

LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Notes by the Bond Bank are subject to the approval of Barnes & Thornburg, Indianapolis, Indiana, Bond Counsel, whose approving opinion will be delivered with the Notes. Bond Counsel will render a further opinion that representatives of such firm have reviewed the information contained under the captions, "INTRODUCTION" (other than information under the headings "The Bond Bank" and "The Official Statement; Additional Information"), "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES" (other than information under the headings "Provisions for Payment of the Warrants" "Enforcement of Warrants" (excepting the first paragraph thereof)," "Credit Facility" and "The Investment Agreement"), "DESCRIPTION OF THE NOTES" (other than information under the heading "Book-Entry-Only System"),"REVENUES, FUNDS AND ACCOUNTS," "OPERATION OF FUNDS AND ACCOUNTS," "TAX MATTERS" and "AMORTIZABLE BOND PREMIUM" and in Appendix B-1, Appendix C and Appendix E-1 of this Official Statement, insofar as they purport to summarize certain provisions of the Act, the Notes, the Indenture, the opinion of Bond Counsel described in Appendix C of this Official Statement and amortizable bond premium with respect to the Notes, present an accurate summary thereof. Bond Counsel has not undertaken to review the accuracy or completeness of statements under any other heading of this Official Statement, and expresses no opinion thereon and assumes no responsibility in connection therewith. Certain legal matters will be passed upon for the Bond Bank by its counsel, Baker & Daniels, Indianapolis, Indiana. Certain legal matters will be passed upon for the Underwriters by their counsel, Mayer, Brown, Rowe & Maw, Chicago, Illinois, and for the Bank, by its counsel, Emmet Marvin & Martin, LLP, New York, New York.

Bingham McHale LLP, Indianapolis, Indiana, and Ice Miller, Indianapolis, Indiana, serve individually as bond counsel to the Qualified Entities in connection with the issuance and sale of the Warrants to the Bond Bank and will each be passing on certain legal matters in connection therewith for the Qualified Entities it represents.

The remedies available to the Trustee, to the Bond Bank or to the owners of the Notes upon an Event of Default under the Indenture, under the terms of any of the Warrants purchased by the Bond Bank, under the terms of any Agreement or under the terms of the Investment Agreement or the Credit Facility Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the United States Bankruptcy Code), the remedies provided in the Indenture and under the Warrants, the Agreements, the Investment Agreement or the Credit Facility Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Notes will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally (regardless of whether such enforceability is considered in a proceeding in equity or in law), by general principles of equity (regardless of whether such proceeding is considered in a proceeding in equity or at law) and by the valid exercise of the constitutional powers of the State and the United States of America. These exceptions would encompass any exercise of any of the Qualified Entity's police powers in a manner consistent with the public health and welfare. Enforceability of the Indenture, the Warrants or the Agreements in situations where such enforcement may adversely affect public health and welfare may be subject to the police powers of the State or any of the Qualified Entities.

RATINGS

Moody's and S&P have assigned ratings of "MIG-1" and "SP-1+" respectively, to the Notes. These ratings reflect only the view of Moody's and S&P and an explanation thereof may be obtained from Moody's at 99 Church Street, New York, New York 10007 and from S&P at 55 Water Street, New York, New York 10041. None of such ratings is a recommendation to buy, sell or hold the Notes. There is no assurance that such ratings will remain in effect for any given period of time or that any of such ratings will not be lowered or withdrawn entirely by Moody's or S&P if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect upon the market price or marketability of the Notes.

UNDERWRITING

Under a contract of purchase entered into between the Underwriters listed on the cover page of this Official Statement and the Bond Bank, the Notes are being purchased by the Underwriters for reoffering at an aggregate purchase price of $349,875,473.60. The purchase price reflects the original principal amount of the Notes, $349,205,000.00, together with an original issue premium of $932,377.35 and less an Underwriters' discount of $261,903.75. The contract of purchase provides that the Underwriters will purchase all of the Notes if any are purchased. The obligations of the Bond Bank to deliver the Notes and of the Underwriters to accept delivery of the Notes are subject to various conditions contained in the contract of purchase.

The Underwriters have agreed to make an initial public offering of all of the Notes at yields not less than the yields set forth on the cover page of this Official Statement. The Underwriters may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at prices lower than the initial public offering prices reflected on the cover page of this Official Statement.

CONTINUING DISCLOSURE

General

Pursuant to the terms of the Indiana Bond Bank Continuing Disclosure Agreement, the Bond Bank, while the Notes are outstanding (unless the Notes are defeased), has agreed to provide to each nationally recognized municipal securities information repository ("NRMSIR"), or to the Municipal Securities Rulemaking Board, and to the Indiana State Information Depository then in existence, if any (the "State Depository"), the following event notices with respect to the Notes, if material, and in a timely manner:

1) principal and interest payment delinquencies;
2) non-payment related defaults;
3) unscheduled draws on debt service reserves reflecting financial difficulties;
4) unscheduled draws on credit enhancements reflecting financial difficulties;
5) substitution of credit or liquidity providers, or their failure to perform;
6) adverse tax opinions or events affecting the tax-exempt status of the security;
7) modifications to rights of security holders:
8) bond calls;
9) defeasances;
10) release, substitution or sale of property securing repayment of the securities; and
11) rating changes.

Each Qualified Entity, while the Notes are outstanding or until its Warrants are legally defeased, redeemed or paid in full, has agreed to provide to the Bond Bank the preceding event notices with respect to its Warrants if material, and in a timely manner. The disclosure obligations of the Bond Bank and each of the Qualified Entities are referenced as the "Undertakings."

Remedy

The purpose of the Undertakings is to enable the Underwriters to purchase the Notes in satisfaction of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). The Undertakings are solely for the benefit of the holders and Beneficial Owners of the Notes. The sole remedy against the Bond

Bank or any Qualified Entity for any failure to carry out any provision of the Undertakings shall be for specific performance of the Bond Bank's or such Qualified Entity's disclosure obligations under the Undertakings. The Trustee may (and, at the request of the holders of at least 25% in aggregate principal amount of Outstanding Notes, shall), or any holder or Beneficial Owner of the Notes, may seek a mandate or specific performance by court order, to cause the Bond Bank or Qualified Entity to comply with its obligations under the Undertakings. For the purposes of this section only, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding any Notes through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Note for federal income tax purposes.

Failure on the part of the Bond Bank or any Qualified Entity to honor its Undertaking shall not constitute a breach or default under the Notes, the Indenture, the Warrants or any other agreement to which the Bond Bank or the Qualified Entity is a party.

Modification of Undertakings

The Bond Bank, the Trustee and any Qualified Entity may, from time to time, amend any provision of the Undertakings without the consent of the holders or Beneficial Owners of the Notes if: (a) such amendment (if related to certain provisions of the Undertakings) is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Bond Bank or any Qualified Entity or type of business conducted, (b) the respective Undertaking, as so amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule on the date of execution thereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) such amendment either (i) is approved by the holders of the Notes in the same manner as provided in the Indenture for amendments to the Indenture with the consent of holders or (ii) in the opinion of nationally recognized bond counsel, does not materially impair the interests of the holders or Beneficial Owners of the Notes.

Copies of the Undertakings are available from the Bond Bank upon request.

Compliance with Previous Undertakings

In the previous five years, the Bond Bank and each of the Qualified Entities has never failed to comply, in all material respects, with any previous undertakings in a written contract or agreement that any of them entered into pursuant to subsection (b)(5) of the Rule.

MISCELLANEOUS

The Bond Bank's offices are located at 2980 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204, telephone (317) 233-0888.

All quotations from, and summaries and explanations of, the Act, the Indenture, the Credit Facility Agreement and the Agreements contained in this Official Statement do not purport to be complete and reference is made to each such document or instrument for full and complete statements of its provisions. The attached Appendices are an integral part of this

Official Statement and must be read together with all of the foregoing statements. Copies in a reasonable quantity of the Act, the Indenture, the form of Agreement, the Credit Facility Agreement and the supplemental materials furnished to the Bond Bank by the Qualified Entities may be obtained upon request directed to the Bond Bank.

It is the Bond Bank's current policy to provide its financial statements to the holders of its obligations, including the Notes, upon written request. In addition, certain other information concerning the Bond Bank is available to the Trustee and holders of the Notes pursuant to the Indenture.

Neither any advertisement of the Notes nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Notes. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

[Signature Page Follows]

This Official Statement has been duly approved, executed and delivered by the Bond Bank.

INDIANA BOND BANK

By: /s/ Tim Berry
Chairman Ex Officio

APPENDIX A

SUMMARY OF INFORMATION
REGARDING THE QUALIFIED ENTITIES

THE QUALIFIED ENTITIES

The proceeds of the Notes are anticipated to be used by the Trustee on behalf of the Bond Bank to purchase Warrants from the respective Qualified Entities set forth in this Appendix A. As of the date of the issuance of the Notes, such Qualified Entities will have entered into warrant purchase agreements with the Bond Bank. The Bond Bank may also use the proceeds of the Notes to purchase Warrants from other Qualified Entities or in additional amounts from Qualified Entities participating in the Program if for any reason a Qualified Entity described in this Appendix A does not participate, either in whole or in part, in the Program.

The following Qualified Entities, as further described below, have a taxpayer or industry group of taxpayers that in the aggregate comprise 10% or more of Assessed Valuation of the Qualified Entity:

Qualified Entity	Total Warrants as a Percentage of Total Borrowing
LAKE COUNTY QUALIFIED ENTITIES	
Lake County (1)	19.56%
East Chicago Public Library (1)	.47
School City of East Chicago (1)	.65
Gary Community School Corporation	4.53
Gary Public Library	.84
School City of Whiting	.29
Calumet Township	1.62
City of Gary	7.24
Gary/Chicago Airport	.04
PORTER COUNTY QUALIFIED ENTITY	
City of Portage (2)	.85
OTHER QUALIFIED ENTITIES	
Cannelton City Schools	.02
Elwood Community School Corporation	.47
Fayette County School Corporation	.14
Greencastle Community Schools	.20
Lawrenceburg Community School Corporation	.65
Marion Community Schools	1.48
Middlebury Community Schools	1.48
Milan Community School Corporation	.15
Mitchell Community Schools	.28
Shelbyville Central Schools	1.82
Wa-Nee Community Schools	1.28
Alexandrian Public Library	.08
City of Martinsville	.18

(1) As mentioned under the caption "RISK FACTORS", a more detailed discussion of this Qualified Entity can be found on page A-2.

(2) As mentioned under the caption "RISK FACTORS", a more detailed discussion of this Qualified Entity can be found on page A-3.

LAKE COUNTY QUALIFIED ENTITIES

Lake County is located in the northwest corner of the State of Indiana on Lake Michigan. It is a high-density industrial area that contains several residential communities in the greater Chicago Metropolitan Area. Steel production is one of the largest industries in the area and several governmental units have large steel producers as taxpayers.

LTV Corporation, a nationwide steel company with an integrated plant located in East Chicago, Indiana, filed for protection under Title 11 of the United States Code (the United States Bankruptcy Code) on December 29, 2000. On December 7, 2001, the United States Bankruptcy Court issued an order authorizing the implementation of an Asset Protection Plan (the "Plan").

The Plan included the shutdown and sale of all integrated steel assets. An auction of LTV Corporation integrated steel assets, including those located in East Chicago, was conducted in February 2002 and the sale to International Steel Group (ISG) was completed in April 2002. The East Chicago plant was reopened in May 2002 with production and shipments starting shortly thereafter.

The Lake County Auditor excluded the LTV Corporation assessed value in Lake County for the purpose of setting 2002 property tax rates for the affected Lake County taxing units and has continued this exclusion in setting 2003 property tax rates. The remaining two steel producers (Ispat Inland and U.S. Steel Corporation) together comprise approximately 8% of the Assessed Valuation of *Lake County*, a participating Qualified Entity.

Two participating Qualified Entities *(East Chicago Public Library and School City of East Chicago)* have the same tax base. The exclusion of LTV Corporation assessed value from the tax base for purposes of setting the 2003 tax rates results in the assessed value of the plant and property of Ispat Inland being approximately 50% of the Assessed Valuation of these East Chicago Qualified Entities. Another industrial taxpayer, BP Amoco, is approximately 11% of the adjusted tax base of these Qualified Entities.

The affected East Chicago Qualified Entities are borrowing less than the maximum amounts permitted under the Program. Additionally, the East Chicago Public Library has entered into an individual deposit agreement with the Bond Bank and a certain local bank, pursuant to which all tax receipts and other revenues payable by or through the Lake County Auditor's Office to or for the benefit of the East Chicago Public Library's Warrant Fund are to be transmitted directly to an account with the local bank and used to pay principal and interest on the Warrants of this Qualified Entity at the direction of the Bond Bank. Based upon representations of the School City of East Chicago concerning fund reserves held by the School City of East Chicago, it has not been required to enter into the aforementioned deposit agreement.

Gary Community School Corporation and Gary Public Library - Two participating Qualified Entities have the same tax base. A steel producer, U.S. Steel Corporation, comprises 42% of the Assessed Valuation of the Gary Community School Corporation and the Gary Public Library.

School City of Whiting - BP Amoco comprises 54% of the Assessed Valuation of the School City of Whiting.

Calumet Township – A steel producer, U.S. Steel Corporation, comprises 15% of the Assessed Valuation of Calumet Township, a participating Qualified Entity.

City of Gary - A steel producer, U.S. Steel Corporation, comprises 30% of the Assessed Valuation of the City of Gary, a participating Qualified Entity.

Gary/Chicago Airport – A steel producer, U.S. Steel Corporation, comprises 10% of the Assessed Valuation of the Gary/Chicago Airport, a participating Qualified Entity.

PORTER COUNTY QUALIFIED ENTITY

Porter County is located in northwest Indiana adjacent to Lake Michigan. The northern portion of the County serves as a multi-modal transportation network and includes the Port of Indiana, the Chicago South Bend & South Shore Railroad, the Indiana Toll Road and other major interstate highways. It is also a high-density industrial area and includes several steel producers and processors.

Bethlehem Steel filed for protection under Title 11 of the United States Code (the United States Bankruptcy Code) on October 15, 2001. On November 8, 2001, Bethlehem Steel announced that it had notified Porter County that it would not make the semi-annual property tax payment due November 13, 2001 and that it did not expect to pay its property taxes due in 2002. In December 2001, the Indiana State Board of Finance authorized a $3 million, three-year loan to the civil taxing units affected by the non-payment by Bethlehem of its property tax payment due November 13, 2001. The loans were made in proportion to the amount each taxing unit was to receive from the scheduled payment. Additional loans were made in 2002 from the Counter-Cyclical Revenue and Economic Stabilization Fund, which is more commonly known as the Rainy Day Fund. The funds were used to repay this original loan and to provide additional assistance to Porter County, certain civil taxing units and school corporations.

On January 6, 2003, the end of a 60-day period of exclusivity between Bethlehem Steel and International Steel Group (ISG) for the purpose of due diligence for a possible combination of operations, Bethlehem Steel received a proposal from ISG to acquire all of Bethlehem Steel's steel making assets. On March 13, 2003, Bethlehem Steel signed an asset purchase agreement to sell substantially all of its assets to ISG. The terms of the sale were approved by the bankruptcy court on April 22, 2003. The sale was completed in May 2003.

The Porter County Auditor has previously excluded the Bethlehem Steel assessed value in Porter County for the purpose of setting 2003 property tax rates for the affected Porter County taxing units. ISG is expected to make voluntary payments to Porter County taxing units in 2003. In addition, the settlement of Bethlehem Steel back taxes is expected to be applied to the State loans described above.

On March 6, 2002, National Steel Corporation filed for protection under Title 11 of the United States Code (the United States Bankruptcy Code). The Midwest Operations of its Regional Division are located in the City of Portage. The plant has continued operations since the filing. On January 9, 2003, National Steel Corporation announced it had signed an Asset Purchase Agreement with U. S. Steel Corporation for the sale of substantially all of National Steel's steel making and finishing assets. On January 23, 2003, AK Steel Corporation submitted its proposal to purchase substantially all of National Steel's steel making and finishing assets. On April 21, 2003, the bankruptcy court approved the sale of substantially all of National Steel's steel making assets and iron ore pellet operations to U.S. Steel Corporation. The acquisition was completed on May 20, 2003.

The Porter County Auditor has excluded the National Steel Corporation assessed value in Porter County for the purpose of setting 2003 property tax rates for the affected Porter County taxing units.

City of Portage – Bethlehem Steel and National Steel, prior to their exclusion from the property tax base, comprised 2% and 17%, respectively, of the Assessed Valuation of the City of Portage. Subsequent to their exclusion, three steel related companies jointly comprise 7% of the Assessed Valuation of the City of Portage (Beta Steel 4%, Steel Technologies 2% and Chicago Cold Rolling 1%).

OTHER QUALIFIED ENTITIES

Cannelton City Schools – Cannelton City Schools is located in Perry County in southern Indiana on the Ohio River. The largest taxpayers in the School District (Can Clay – 13% and Schwab Safe - 20%) jointly comprise 33% of the Assessed Valuation of Cannelton City Schools.

Elwood Community School Corporation – The Elwood Community School Corporation is located in Madison County in north central Indiana about 30 miles northeast of Indianapolis. The largest taxpayer in the School District is an automotive parts manufacturer (ELSA Corporation) which comprises 15% of the Assessed Valuation of the Elwood Community School Corporation.

Fayette County School Corporation – The Fayette County School Corporation is located in Fayette County in east central Indiana about 70 miles east of Indianapolis. The largest taxpayer in the School District is an automotive components manufacturer (Visteon) which comprises 26% of the Assessed Valuation of the Fayette County School Corporation.

Greencastle Community Schools – Greencastle Community Schools is located in Putnam County in west central Indiana about 40 miles west of Indianapolis. The largest taxpayer in the School District is a cement producer (Lone Star) which comprises 10% of the Assessed Valuation of Greencastle Community Schools.

Lawrenceburg Community School Corporation – The Lawrenceburg Community School Corporation is located in Dearborn County in southeast Indiana near Cincinnati, Ohio. The largest taxpayer in the School District (American Electric Power Company, a utility) comprises 17% of the Assessed Valuation of the Lawrenceburg Community School Corporation.

Marion Community Schools – Marion Community Schools is located in Grant County in the central portion of Indiana, north of Indianapolis. The largest taxpayer in the School District is an automotive manufacturer (General Motors) that comprises 16% of the Assessed Valuation of Marion Community Schools.

Middlebury Community Schools – Middlebury Community Schools is located in Elkhart County in northern Indiana east of South Bend. Three housing/recreational vehicle manufacturers (Jayco Inc. – 6%, Coachman Industries – 4% and Schult Homes – 1%) jointly comprise 11% of the Assessed Valuation of Middlebury Community Schools.

Milan Community School Corporation – Milan Community School Corporation is located in Ripley County in southeastern Indiana about 45 miles west of Cincinnati, Ohio. The largest taxpayer in the School District (Hillenbrand Industries, a finance, insurance and investment company) comprises 13% of the Assessed Valuation of Milan Community School Corporation.

Mitchell Community Schools – Mitchell Community Schools is located in Lawrence County in southern Indiana. The largest taxpayer in the School District is a cement manufacturer (Lehigh Portland Cement Co.) that comprises 12% of the Assessed Valuation of Mitchell Community Schools.

Shelbyville Central Schools – Shelbyville Central Schools is located in Shelby County in central Indiana. The largest taxpayers in the School District are four automotive parts/transmission related companies (Ryobi – 5%, PK USA – 3%, Cambridge – 3%, and FNGP – 2%) that jointly comprise 13% of the Assessed Valuation of Shelbyville Central Schools.

Wa-Nee Community Schools – Wa-Nee Community Schools is located in Elkhart County in northern Indiana east of South Bend. The largest taxpayers in the School District are four recreational vehicle related companies (Monaco Coach – 6%, Gulf Stream Coach – 2%, Newmar Corporation – 2%, and Travel Supreme - 1%) that jointly comprise 11% of the Assessed Valuation of Wa-Nee Community Schools.

Alexandrian Public Library – Alexandrian Public Library is located in Posey County in southwestern Indiana. The largest taxpayer in the Library District is a plastic/resin manufacturer (General Electric) that comprises 25% of the Assessed Valuation of Alexandrian Public Library.

City of Martinsville – The City of Martinsville is located in Morgan County in southern Indiana. The largest taxpayers in the School District are four utilities (Indianapolis Power and Light – 13%, PSI Energy – 3%, SBC – 2%, and Indiana Gas – 1%) that jointly comprise 19% of the Assessed Valuation of the City of Martinsville.

Reports

Copies of the most recent State Board of Accounts Audit Reports, CTARs (unaudited annual financial report for units of government other than school corporations) and Form 9s (unaudited semi-annual financial report for school corporations) for the last two calendar years have been furnished to the Bond Bank by the Qualified Entities described in this Appendix A and may be obtained in reasonable quantities upon request directed to the Bond Bank, 10 West Market Street, Suite 2980, Indianapolis, Indiana 46204, telephone (317) 233-0888. Copies of State Board of Accounts Audit Reports and CTARs are also available from the State Board of Accounts, 302 West Washington Street, Room E418, Indiana Government Center South, Indianapolis, Indiana 46204. Copies of Form 9s are also available from the Indiana Department of Education, Division of School Finance, Room 229, State House, Indianapolis, Indiana 46204.

Information Pertaining to the Qualified Entity and its Warrant Borrowings

Certain information pertaining to the Qualified Entities anticipated to issue Warrants to be purchased with the proceeds of the Notes is set forth in tabular form in this Appendix A under the heading "Qualified Entities Borrowing Information for Notes". Such information includes, for each respective Qualified Entity, the following: the Fund of such Qualified Entity for which a Warrant is anticipated to be issued; the County in which the Qualified Entity is situated (in the case of Qualified Entities situated in more than one County, the predominant County); the Estimated 2003 Ad Valorem Property Tax Levy for the Fund of the Qualified Entity estimated to be collected for and distributed to the Qualified Entity for such Fund; the Maximum Allowable Borrowing for such Qualified Entity under the Program limitations established by the Bond Bank (see the caption "THE PROGRAM -- Program Participation and Borrowing Limits" in this Official Statement); the principal amount of the Currently Outstanding Warrant (which, in each case, is an Advance Funding Program Warrant as defined under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES – Subordination of Warrants” in this Official Statement); the anticipated Principal Amount of New Warrant to mature on the First Settlement Payment Due Date; the anticipated Principal Amount of New Warrant to mature on the December Settlement Payment Due Date; the anticipated State Aid Borrowing amount of the Warrant to mature on or before December 31, 2003; the Percentage of Note Issue Size of the Warrants anticipated to be issued for such Qualified Entity to the total principal amount of all Warrants; the Total Estimated Fund Revenues to be received by the Qualified Entity for the Fund for the calendar year 2003; and the Average Percentage of Tax Collections for the calendar years 2000, 2001 and 2002 for the Qualified Entity.

The information described above and set forth in tabular form in this Appendix A, unless otherwise indicated, was obtained from information submitted to the Bond Bank by the Qualified Entities and, while believed to be reliable, has not been verified by independent investigation. The Bond Bank will require that each of the Qualified Entities certify, as of the date that its respective Warrants are purchased by the Bond Bank, that the information contained in this Official Statement relating to such Qualified Entities and their respective Warrants was correct as of the date of this Official Statement and continues to be correct as of the date that its respective Warrants are purchased by the Bond Bank. The material set forth in this Appendix A is for information and background purposes only and is not intended and should not be deemed to be a comprehensive or exhaustive presentation of all financial and economic information which may be pertinent with respect to each Qualified Entity. Further, the information in this Appendix A does not represent an analysis or representation of all of the detailed financial and other information reviewed by the Bond Bank and Crowe Chizek in the course of the Bond Bank’s determination to purchase the Warrants of the Qualified Entities.

INDIANA BOND BANK
Qualified Entities Borrowing Information for Notes

Qualified Entity	Fund (1)	County	Estimated 2003 Ad Valorem Property Tax Levy (2)	Maximum Allowable Borrowing (3)	Currently Outstanding Warrants (4)	Principal Amount of New Warrant (First Settlement)	Principal Amount of New Warrant (December Settlement)	State Aid Borrowing	Warrants as a Percentage of Note Issue Size	Total 2003 Estimated Fund Revenues (5)	Average Percentage of Tax Collections for 2000, 2001, and 2002 (6)
Schools:											
Baugo Community Schools	G	Elkhart	$ 2,996,996	$ 1,198,798	$ 1,818,151	$ 579,445	$ -	$ 386,744	0.42 %	$ 9,734,506	100.75 %
	T		590,469	236,187	191,677	74,201	44,511			687,850	
	CP		1,118,976	447,590	306,458	227,638	141,132			1,222,804	
Bremen Public Schools	G	Marshall	2,562,382	1,024,952	1,549,378	469,442			0.16	7,445,869	100.52
	T		356,228	142,491	146,796	96,860				402,824	
Brownsburg Community School Corp.	G	Hendricks	7,840,077	3,136,030	5,352,759	919,303		1,671,516	0.85	30,392,612	99.41
	T		1,780,995	712,398	1,155,236	269,560				2,137,430	
	TB		954,795	381,918	680,000	83,836				1,206,852	
Cannelton City Schools	G	Perry	358,560	143,424	219,473	67,375		16,978	0.02	1,695,653	104.82
Caston School Corporation	G	Fulton	1,634,740	653,896			455,367		0.39	4,953,915	100.50
	TO		455,856	182,342		182,342	182,342			533,279	
	CP		602,095	240,838		240,838	240,838			698,552	
	TB		94,619	37,847		37,847	37,847			105,982	
Centerville-Abington Comm. Schools	DS	Wayne	1,483,399	593,359	327,058	297,126	266,302		0.22	1,631,329	96.75
	CP		603,900	241,560	274,191	208,929				688,182	
Center Grove Community School Corp.	G	Johnson	11,269,351	4,507,740	3,470,938	626,248	1,036,802		0.58	36,062,845	100.39
	T		1,350,455	540,182	470,307	122,746	69,875			1,786,330	
	DS		7,477,439	2,990,975	2,620,926		181,103			9,053,936	
Crown Point Community School Corp.	G	Lake	8,816,456	3,526,582	5,236,115	1,817,050		423,205	0.77	31,774,926	98.55
	TO		1,987,848	795,139	1,006,068	384,769				2,500,562	
	DS		6,920,991	2,768,396	643,982		65,058			7,665,306	
East Allen County Schools	DS	Allen	4,284,182	1,713,672		356,787	1,713,672		0.59	4,284,182	101.71
East Porter County School Corporation	G	Porter	4,917,439	1,966,975	3,206,931	727,020		696,679	0.88	11,760,305	100.06
	DS		2,811,728	1,124,691	687,255	921,092	437,466			2,879,728	
	CP		1,558,249	623,299	1,038,684	207,915				1,628,249	
	TB		343,660	137,464	67,129		68,701			353,660	
Eastern Howard School Corp.	G	Howard	1,808,842	723,536	687,504	202,930	36,033		0.35	7,592,148	100.18
	DS		2,079,210	831,684	232,496	374,181	599,188			2,487,218	
Elwood Community School Corporation	G	Madison	1,874,025	749,610	1,157,807	341,413		71,093	0.47	12,288,076	100.93
	T		293,276	117,310	110,093	117,310	7,217			547,597	
	DS		1,523,466	609,386			571,290			1,779,287	
	CP		677,968	271,187		175,642	271,187			831,304	
	TB		103,382	41,352		41,352	41,352			115,898	
Fairfield Community School Corp	T	Elkhart	518,842	207,536			170,562		0.13	638,219	100.23
	DS		1,015,391	406,156			208,904			1,207,211	
	TB		92,836	37,134		37,134	37,134			106,774	
Fayette County School Corporation	G	Fayette	6,365,059	2,546,023	3,255,600	391,499			0.14	24,329,789	101.90
	T		1,479,008	591,603	615,015	114,350				1,814,766	
Franklin Community School Corp	G	Johnson	7,471,976	2,988,790	3,431,398	1,802,255			0.52	24,181,246	100.98
Frontier School Corp.	G	White	1,389,870	555,948	1,111,896			92,129	0.05	4,010,267	97.03
	DS		850,042	340,016	442,052	75,864				850,042	
Gary Community School Corp.	G	Lake	19,844,100	7,937,640	15,587,322	143,979	143,979	12,632,777	4.53	143,832,956	97.14
	T		8,160,274	3,264,109	886,561		1,357,046			8,874,062	
	CP		4,891,849	1,956,739	2,360,314	1,553,166				5,716,534	
Greencastle Community Schools	G	Putnam	4,397,618	1,759,047	3,518,094			707,994	0.20	11,036,173	99.51

The footnotes, numbered (1) through (6) as referenced above and shown on page A-13 of this Appendix, are a material part of this table and should be reviewed carefully.

INDIANA BOND BANK
Qualified Entities Borrowing Information for Notes

Qualified Entity	Fund (1)	County	Estimated 2003 Ad Valorem Property Tax Levy (2)	Maximum Allowable Borrowing (3)	Currently Outstanding Warrants (4)	Principal Amount of New Warrant (First Settlement)	Principal Amount of New Warrant (December Settlement)	State Aid Borrowing	Warrants as a Percentage of Note Issue Size	Total 2003 Estimated Fund Revenues (5)	Average Percentage of Tax Collections for 2000, 2001, and 2002 (6)
Greenwood Community School Corp.	G	Johnson	6,347,421	2,538,968	3,802,551	333,031		1,735,887	0.62	20,486,587	101.11
	T		720,146	288,058	390,622	102,190				878,591	
Hamilton Heights School Corp.	G	Hamilton	3,746,418	1,498,567	2,098,881	590,598			0.67	13,831,180	99.34
	TO		850,816	340,326	340,673	218,167				1,240,227	
	DS		3,049,949	1,219,979		326,957	1,219,979			3,736,562	
Hanover Community School Corp.	G	Lake	1,953,052	781,220	1,520,000	21,221	21,221	716,001	0.22	8,184,447	98.56
Lake Central School Corp.	G	Lake	16,045,638	6,418,255	11,932,688	451,911	451,911	4,378,173	2.99	44,126,016	101.37
	TO		3,163,714	1,265,485	1,599,029	931,941				3,607,916	
	DS		5,542,384	2,216,953	23,028		974,852			6,093,284	
	CP		5,769,451	2,307,780	1,359,418	2,307,780	948,362			6,054,451	
Lake Station Community Schools	G	Lake	832,910	333,164	978,424	23,772		685,195	0.21	9,490,526	97.27
	T		113,263	45,305	86,458	2,076	2,076			287,830	
	TB		62,246	24,898	25,636	12,080	12,080			66,154	
Lakeland School Corporation	G	LaGrange	3,787,463	1,514,985	377,579	1,071,154	1,137,406		0.84	12,186,473	103.60
	TO		757,412	302,964	11,842	52,570	291,123			1,069,163	
	TB		152,366	60,946		60,946	60,946			190,629	
	CP		1,471,007	588,402			273,565			1,698,094	
Lawrenceburg Community School Corp	G	Dearborn	5,559,989	2,223,995	2,813,552	1,634,440		528,641	0.65	10,147,815	100.22
	TO		542,940	217,176	324,304	110,048				1,419,961	
Madison Consolidated Schools	G	Jefferson	6,931,711	2,772,684	2,838,924	2,706,445		61,596	0.90	19,612,280	97.89
	T		1,204,853	481,941	545,909	325,168				1,492,961	
	DS		1,685,778	674,311	1,081,907	62,605				1,863,000	
Madison-Grant United School Corp.	G	Grant	1,990,794	796,317		65,659	796,317		0.31	8,747,703	98.18
	DS		557,176	222,870			213,407			645,083	
Marion Community Schools	G	Grant	12,911,941	5,164,776	5,664,776	4,664,776		77,712	1.48	41,439,843	99.18
	T		1,374,478	549,791	549,830	423,284				1,674,620	
Middlebury Community Schools	G	Elkhart	6,496,740	2,598,696	2,573,177	2,598,696	25,519	112,706	1.48	19,768,526	99.51
	TO		1,228,279	491,311	226,111	188,457	265,201			1,479,214	
	CP		2,428,970	971,588	386,578		570,719			2,253,004	
	DS		4,335,758	1,734,303			1,338,952			4,861,902	
	TB		203,618	81,447	103,545	59,349				227,017	
Milan Community School Corp	G	Ripley	947,291	378,916	604,750	153,082		354,958	0.15	6,455,689	104.77
Mill Creek Community Schools	G	Hendricks	1,796,973	718,789	1,437,578			762,233	0.32	8,184,855	100.46
	CP		660,539	264,215	189,695	264,215	74,521			800,880	
Mitchell Community Schools	DS	Lawrence	1,871,578	748,631		220,213	748,631		0.28	2,170,745	101.94
Monroe-Gregg School District	G	Morgan	1,536,352	614,540	1,068,241			426,039	0.12	6,818,732	101.46
Monroe County Comm. School Corp.	G	Monroe	23,548,891	9,419,556	13,648,084			4,865,074	1.46	57,951,523	99.78
	TB		942,324	376,929			249,090			1,015,913	
Mooresville Community School Corp	G	Morgan	5,074,350	2,029,740	2,247,396	1,636,121			0.94	24,131,721	99.88
	TO		891,386	356,554	448,132	264,976				1,254,129	
	DS		3,449,920	1,379,968	1,472,345	667,620				4,082,894	
	CP		2,092,052	836,820	827,422	511,157	188,616			2,743,289	
MSD of Mt. Vernon	G	Posey	14,677,301	5,870,920	6,250,000	3,899,329			1.12	18,805,162	100.81
MSD of Wabash County	G	Wabash	4,053,526	1,621,410	2,659,774	583,046		405,298	0.59	15,365,423	98.54
	T		668,981	267,592	387,144	58,023				910,830	
	CP		1,431,049	572,419		428,279	572,419			1,697,496	

The footnotes, numbered (1) through (6) as referenced above and shown on page A-13 of this Appendix, are a material part of this table and should be reviewed carefully.

INDIANA BOND BANK
Qualified Entities Borrowing Information for Notes

Qualified Entity	Fund (1)	County	Estimated 2003 Ad Valorem Property Tax Levy (2)	Maximum Allowable Borrowing (3)	Currently Outstanding Warrants (4)	Principal Amount of New Warrant (First Settlement)	Principal Amount of New Warrant (December Settlement)	State Aid Borrowing	Warrants as a Percentage of Note Issue Size	Total 2003 Estimated Fund Revenues (5)	Average Percentage of Tax Collections for 2000, 2001, and 2002 (6)
Mt. Vernon Community School Corp.	G	Hancock	3,795,906	1,518,362	3,036,724			861,512	0.65	15,040,498	99.87
	DS		3,050,376	1,220,150	17,999	215,959	1,202,151			3,792,900	
Ninevah Hensley Jackson United Sch. Corp	G	Johnson	2,482,561	993,024	1,986,048			507,569	0.16	9,449,218	100.56
	T		662,733	265,093	366,501	68,624				936,242	
Plainfield Community School Corp	G	Hendricks	7,066,908	2,826,763	3,791,000	1,862,526		526,474	1.15	20,643,000	98.51
	T		1,063,240	425,296	396,000	303,704	29,296			1,307,000	
	CP		2,949,225	1,179,690	1,071,000	1,179,690	108,690			4,564,000	
Porter Township School Corporation	G	Porter	2,291,194	916,477	1,165,179	667,308	469	452,791	0.75	8,582,735	100.70
	T		709,090	283,636			178,390			884,067	
	DS		2,021,860	808,744		233,758	808,744			2,367,660	
	CP		935,702	374,280	466,356	282,206				1,074,540	
Rensselaer Central School Corporation	G	Jasper	3,138,785	1,255,514	1,178,723	1,189,783	76,791		0.36	9,598,276	101.01
School City of East Chicago	DS	Lake	9,098,586	3,639,434			2,268,206		0.65	9,305,410	90.65
School City of Hammond	G	Lake	16,082,985	6,433,194	12,866,388			7,331,772	3.61	80,352,697	95.00
	T		3,904,556	1,561,822	2,150,307	973,337				4,488,224	
	DS		15,252,023	6,100,809	5,963,774	3,195,188	137,035			16,790,675	
	CP		3,448,493	1,379,397	2,048,024	710,770				3,691,536	
	TB		312,094	124,837		124,837	124,837			334,089	
	PRS		31,886	12,754		12,754	12,754			359,748	
School City of Whiting	G	Lake	4,268,208	1,707,283	2,899,492	515,074		139,100	0.29	6,493,390	99.16
	T		333,702	133,480	205,605	61,357				349,803	
	CP		1,142,594	457,037	214,238	52,522	242,800			1,171,977	
Shelbyville Central Schools	G	Shelby	6,639,702	2,655,880		1,342,976	2,655,880		1.82	21,084,564	101.31
	DS		2,736,840	1,094,736			954,261			3,184,550	
	CP		2,489,795	995,918		411,079	995,918			2,765,576	
Smith-Green Community Schools	G	Noble	1,459,990	583,996		517,040	583,996		0.40	7,219,482	100.45
	T		222,118	88,847		58,425	88,847			323,630	
	DS		446,092	178,436			148,605			600,050	
South Bend Community School Corp.	G	St. Joseph	33,861,402	13,544,560	27,035,580	26,771	26,771	8,651,874	3.87	129,300,196	99.34
	CP		9,915,143	3,966,057			2,440,175			10,893,528	
	DS		15,195,635	6,078,254			1,745,962			16,688,721	
	TB		863,350	345,340		264,041	345,340			948,180	
South Henry School Corporation	G	Henry	1,070,107	428,042	445,000	411,086		138,914	0.16	4,780,045	99.00
CSC of Southern Hancock County	G	Hancock	3,962,654	1,585,061	1,500,000	1,223,134	85,062		0.67	15,259,385	101.30
	DS		3,767,025	1,506,810			1,035,375			4,521,262	
Tipton Community Schools	G	Tipton	3,102,521	1,241,008	1,017,813	607,208	223,195	311,418	0.33	10,351,952	100.47
Wa-Nee Community Schools	G	Elkhart	6,219,152	2,487,660	2,855,129	2,054,657			1.28	16,776,935	99.76
	T		1,113,538	445,415	215,951	337,446	229,464			1,307,688	
	DS		4,497,337	1,798,934		51,894	1,798,934			5,066,936	
Warrick County School Corporation	G	Warrick	18,098,299	7,239,319	7,239,320	5,373,075			1.54	46,967,275	99.76
West Central School Corporation	G	Pulaski	1,745,332	698,132	687,097	191,981	11,036		0.08	5,446,584	100.25
	TO		304,192	121,676	113,384	65,639	8,293			325,835	
West Clark Community Schools	G	Clark	5,149,167	2,059,666		2,059,666	2,059,666	52,064	2.02	19,580,038	101.06
	TO		977,975	391,190		391,190	391,190			1,693,913	
	DS		2,794,135	1,117,654			963,672			3,229,811	
	CP		1,530,940	612,376		534,098	612,376			1,704,629	
West Lafayette Community School Corp	G	Tippecanoe	7,648,525	3,059,410	3,100,000	2,167,254			0.99	13,042,877	100.16

The footnotes, numbered (1) through (6) as referenced above and shown on page A-13 of this Appendix, are a material part of this table and should be reviewed carefully.

INDIANA BOND BANK
Qualified Entities Borrowing Information for Notes

Qualified Entity	Fund (1)	County	Estimated 2003 Ad Valorem Property Tax Levy (2)	Maximum Allowable Borrowing (3)	Currently Outstanding Warrants (4)	Principal Amount of New Warrant (First Settlement)	Principal Amount of New Warrant (December Settlement)	State Aid Borrowing	Warrants as a Percentage of Note Issue Size	Total 2003 Estimated Fund Revenues (5)	Average Percentage of Tax Collections for 2000, 2001, and 2002 (6)
	T		390,465	156,186	130,300	86,398	25,886			493,680	
	DS		2,516,696	1,006,678		183,313	1,006,678			2,848,793	
Western Boone Comm. School Corp.	G	Boone	2,370,637	948,254	668,983	948,255	279,272	417,344	0.78	9,787,523	102.26
	T		687,387	274,954	99,793	274,954	175,162			923,034	
	CP		785,300	314,120		314,120	314,120			830,300	
Western Wayne Schools	G	Wayne	1,186,963	474,785	577,983	371,587		237,255	0.17	6,860,333	98.64
Westfield Washington School Corp	DS	Hamilton	9,879,918	3,951,967		3,951,967	329,848		1.23	11,109,339	101.32
Whitko Community School Corporation	G	Kosciusko	2,735,212	1,094,084	2,188,170			60,168	0.06	11,531,727	99.61
	TO		484,175	193,670	276,981	110,359				647,566	
	CP		922,884	369,153	638,311	44,817				1,058,784	
Zionsville Community School	G	Boone	8,044,650	3,217,860	1,741,041	2,659,243	1,476,819	-	1.18	23,156,943	101.44
Total Schools			$ 555,328,073	$ 222,131,175	$ 227,115,861	$ 81,003,896	$ 45,023,787	$ 51,496,883	50.82 %		
Libraries:											
Alexandrian Public Library	O	Posey	$ 854,378	$ 341,751	$ -	$ -	$ 267,736	$ -	0.08 %	$ 934,410	100.67 %
Anderson Public Library	O	Madison	2,987,366	1,194,946		101,537	1,194,946		0.37	4,435,272	100.36
Avon-Washington Twp. Public Library	O	Hendricks	348,324	139,329	151,818	105,096	21,746		0.04	825,363	101.82
Charlestown-Clark County Public Library	O	Clark	963,411	385,364		256,909	385,364		0.18	1,245,056	99.92
Clinton Public Library	O	Vermillion	243,557	97,422	104,047	80,189			0.04	314,120	99.79
	DS		192,877	77,150			48,902			242,114	
Crown Point Community Library	O	Lake	951,429	380,571	382,093	319,877			0.09	1,085,796	98.18
Culver Union Township Public Library	DS	Marshall	282,553	113,021			86,407		0.02	298,553	100.00
East Chicago Public Library	O	Lake	4,315,647	1,726,258	1,711,903	1,619,840	14,356		0.47	4,578,962	90.64
Elkhart Public Library	O	Elkhart	3,147,054	1,258,821	500,000	765,480	758,822		0.44	4,616,142	100.32
Gary Public Library	O	Lake	6,045,635	2,418,254	1,668,778	2,185,444	749,476		0.84	5,557,379	96.17
Greenwood Public Library	O	Johnson	507,170	202,868		56,925	202,868		0.14	1,235,885	101.07
	DS		397,432	158,972			138,282			438,303	
	CP		98,616	39,446		39,446	39,446			98,616	
Hammond Public Library	O	Lake	3,160,555	1,264,222	1,735,488	792,956			0.24	3,433,457	95.93
	LO		1,128,563	451,425	170,762		30,485			1,200,301	
Madison-Jefferson County Public Library	O	Jefferson	719,652	287,860			233,407		0.07	765,585	98.37
Michigan City Public Library	O	LaPorte	1,811,219	724,487	509,317	215,171	291,039		0.14	2,298,994	98.79
Mooresville Public Library	O	Morgan	224,408	89,763			28,232		0.01	520,453	101.43
Muncie Public Library	O	Delaware	3,298,191	1,319,276		385,314	1,319,276		0.49	3,981,802	103.19
North Madison County Public Library	DS	Madison	297,928	119,171			99,173		0.03	248,999	98.97
Plainfield-Guilford Twp. Public Library	O	Hendricks	661,361	264,544	50,705	-	110,563	-	0.03	1,662,309	98.37
Total Libraries			$ 32,637,326	$ 13,054,921	$ 6,984,911	$ 6,924,184	$ 6,020,526	$ -	3.72 %		

The footnotes, numbered (1) through (6) as referenced above and shown on page A-13 of this Appendix, are a material part of this table and should be reviewed carefully.

INDIANA BOND BANK
Qualified Entities Borrowing Information for Notes

Qualified Entity	Fund (1)	County	Estimated 2003 Ad Valorem Property Tax Levy (2)	Maximum Allowable Borrowing (3)	Currently Outstanding Warrants (4)	Principal Amount of New Warrant (First Settlement)	Principal Amount of New Warrant (December Settlement)	State Aid Borrowing	Warrants as a Percentage of Note Issue Size	Total 2003 Estimated Fund Revenues (5)	Average Percentage of Tax Collections for 2000, 2001, and 2002 (6)
Cities, Towns, Townships:											
City of Anderson	G	Madison	$ 18,670,864	$ 7,468,345	$ 6,872,655	$ 7,468,346	$ 595,691	$ -	2.87 %	$ 31,350,821	97.81 %
	P&R		2,070,876	828,350	790,098	828,350	38,252			2,626,237	
	S		548,935	219,574			160,417			649,531	
	SD		1,215,668	486,267		165,580	486,267			1,452,157	
	A		365,171	146,068		146,068	146,068			1,379,642	
City of Angola	G	Steuben	1,998,330	799,332			799,332		0.33	3,981,220	98.36
	P&R		302,709	121,083			121,083			302,709	
	MVH		596,362	238,544			238,544			864,591	
Calumet Township	DS	Lake	3,363,839	1,345,535		305,275	1,345,536		1.62	3,555,401	94.31
	CS		287,422	114,968	63,439	52,005	51,530			333,947	
	PS		488,934	195,573	61,229	124,417	134,345			639,981	
	CT		1,081,174	432,469	243,170	138,972	189,300			1,142,883	
	P&R		391,028	156,411	57,788	50,341	98,623			413,503	
	PR		10,833,467	4,333,386	4,600,000	3,159,589				15,519,178	
City of Cannelton	G	Perry	317,569	127,027			120,279		0.03	469,954	96.50
City of Elkhart	G	Elkhart	17,062,956	6,825,182		6,825,182	6,825,182		4.87	28,892,308	100.77
	P&R		2,582,726	1,033,090		575,724	1,033,090			2,912,904	
	CSWR		755,295	302,118		232,738	302,118			815,590	
	A		569,672	227,868		160,569	227,868			250,002	
	CG		854,508	341,803		341,803	341,803			972,722	
	MVH		160,020	64,008		64,008	64,008			1,754,733	
City of Gary	G	Lake	61,751,070	24,700,428	27,129,053	17,551,525	4,720,278		7.24	65,073,507	95.28
	P&R		5,399,698	2,159,879	1,266,797	1,100,384	893,082			5,439,549	
	GENC		1,299,435	519,774		507,872	519,774			2,000,168	
Town of Hanover	G	Jefferson	88,306	35,322		8,725	35,322		0.01	191,592	99.64
	P&R		48,846	19,538			7,650			95,710	
City of Hobart	G	Lake	11,057,001	4,422,800	5,942,662	2,902,939			0.83	13,536,084	92.72
City of Martinsville	G	Morgan	1,393,727	557,490		615	557,490		0.18	3,455,527	100.72
	P&R		299,909	119,963			73,301			241,947	
	PPDS		101,949	40,779			11,190			104,777	
Town of Merrillville	G	Lake	5,469,514	2,187,805	1,400,000	2,187,805	787,806		0.85	10,274,789	99.58
Town of Nashville	G	Brown	160,169	64,067			35,550		0.04	372,907	102.69
	MVH		122,735	49,094		39,798	49,094			158,601	
City of New Haven	G	Allen	1,908,267	763,306		107,758	763,306		0.37	3,118,918	103.09
	P&R		558,182	223,272		192,998	223,272			787,947	
City of Portage	G	Porter	7,082,605	2,833,042	3,746,000	1,920,084			0.85	10,028,169	100.37
	P&R		777,599	311,039	427,000	161,320				921,704	
	MVH		738,972	295,588	103,000	78,366	192,588			1,783,195	
	I		716,809	286,723	217,000	286,723	69,723			742,153	
	HI		922,607	369,042	333,000	207,981	36,042			1,400,075	
Town of Schererville	G	Lake	4,822,308	1,928,923		1,125,368	1,928,923		1.18	6,594,896	100.67
	MVH		475,326	190,130		95,137	190,130			1,279,274	
	P&R		491,316	196,526		196,526	196,526			593,605	
	RDB		236,210	94,484			56,165			265,961	
	AMB		334,327	133,730		132,306	133,730			537,610	
	WDB		221,619	88,647			56,782			242,619	
City of Valparaiso	G	Porter	8,243,631	3,297,452	2,227,843	3,297,452	1,069,609		1.58	11,153,332	100.70
	P&R		1,424,864	569,945		569,945	569,945			2,387,535	

The footnotes, numbered (1) through (6) as referenced above and shown on page A-13 of this Appendix, are a material part of this table and should be reviewed carefully.

INDIANA BOND BANK
Qualified Entities Borrowing Information for Notes

Qualified Entity	Fund (1)	County	Estimated 2003 Ad Valorem Property Tax Levy (2)	Maximum Allowable Borrowing (3)	Currently Outstanding Warrants (4)	Principal Amount of New Warrant (First Settlement)	Principal Amount of New Warrant (December Settlement)	State Aid Borrowing	Warrants as a Percentage of Note Issue Size	Total 2003 Estimated Fund Revenues (5)	Average Percentage of Tax Collections for 2000, 2001, and 2002 (6)
Washington Township	FDS	Hendricks	1,465,487	586,194			711,471		0.72	1,635,310	99.43
	P&R		410,741	164,296			231,164			462,327	
	F		1,363,588	545,435		545,435	896,739			2,884,347	
	CUMF		250,115	100,046	-	-	139,550	-	-	279,099	
Total Cities, Towns, Townships			$ 184,154,457	$ 73,661,760	$ 55,480,734	$ 53,856,029	$ 28,475,538	$ -	23.57 %		
Counties and Other:				-							
Gary/Chicago Airport	G	Lake	$ 1,201,114	$ 480,445	$ 539,684	$ 115,062	$ 21,738	$ -	0.04 %	$ 2,040,575	97.53 %
Grant County	F&C	Grant	3,873,218	1,549,287			961,677		0.28	4,825,669	99.47
Hammond Sanitary District	DS	Lake	3,461,994	1,384,797			427,382		0.46	4,030,543	96.06
	SWRM		2,480,605	992,242		200,263	992,242			2,698,253	
Lake County	G	Lake	86919108	34,767,643	26,929,715	25,646,223	7,837,928		19.56	108,340,935	96.86
	DS		6,914,542	2,765,816		2,765,816	2,765,816			7,380,429	
	PDS		1,287,282	514,912			61,844			1,733,817	
	P&R		3,861,845	1,544,738		409,358	1,544,738			6,836,566	
	F&C		69,246,568	27,698,627	28,135,636	20,962,075	6,299,543			84,481,851	
Randolph County	G	Randolph	2,873,532	1,149,412	896,822	516,283	252,591		0.58	6,335,077	99.89
	F&C		1,313,307	525,322		402,041	525,322			1,641,954	
	JB		565,153	226,061		90,729	226,061			635,242	
Steuben County	G	Steuben	3,078,010	1,231,204		540,154	1,231,204		0.97	9,278,368	101.93
	F&C		1,731,214	692,485		473,504	692,485			1,849,923	
	HD		204,222	81,688		81,515	81,688			249,741	
	LR		553,935	221,574	-	80,712	221,574	-	-	559,721	
Total Counties and Other			$ 189,565,649	$ 75,826,253	$ 56,501,857	$ 52,283,735	$ 24,143,833	$ -	21.89 %		
Total of All Qualified Entities			**$ 961,685,505**	**$ 384,674,109**	**$ 346,083,363**	**$ 194,067,844**	**$ 103,663,684**	**$ 51,496,883**	**100.00** %		

The footnotes, numbered (1) through (6) as referenced above and shown on page A-13 of this Appendix, are a material part of this table and should be reviewed carefully.

INDIANA BOND BANK
Qualified Entities Borrowing Information for Notes

(1)

A	Aviation	LO	Lease Obligation
AMB	Ambulance	LR	Lease Rental
CG	Central Garage	MVH	Motor Vehicle Highway
CP	Capital Projects	O	Operating
CS	Community Service	P&R	Parks & Recreation
CSWR	Cumulative Sewer	PDS	Park Debt Service
CT	Civil Township	PPDS	Park Pool Debt Service
CUMF	Cumulative Fire	PR	Poor Relief
DS	Debt Service	PRS	Preschool/ Special Ed
F	Fire	PS	Public Safety
F&C	Family & Children	RDB	Redevelopment District Bond
FDS	Fire Debt Service	S	Sinking
G	General	SD	Sanitary District Sinking
GENC	Genesis Center	SWRM	Sewer Maintenance
HD	Health Department	T	Transportation
HI	Health Insurance	TB	Bus Replacement
I	Insurance	TO	Transportation Operating
JB	Jail Bond	WDB	Water District Bond

(2) Amounts are established for collections in 2003 and are subject to final certification received from the Department of Local Government Finance, formerly the State Board of Tax Commissioners.

(3) Based upon the borrowing limitation under the Program which limits amounts borrowed to 80% of the respective estimated First Settlement and/or December Settlement of Ad Valorem Property Taxes. See "Principal Amount of New Warrant" columns in this table for the actual principal amounts to be borrowed against the estimated First Settlement and/or December Settlement.

(4) Warrants previously issued by the Qualified Entity and currently outstanding with a maturity at the First Settlement and/or at the December Settlement
In each case, the new Warrants issued for the same Fund in each of the next three columns will be subordinate to the Advance Funding Program Warrant issued for that fund.
See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES - Subordination of Warrants.'

(5) Includes Ad Valorem Property Taxes and all other revenues of the Fund estimated to be collected during the calendar year 2003. The 2003 Ad Valorem Property Taxes and, in some cases, State Aid payments have been pledged and appropriated for the payment of the Warrants.

(6) Represents the average of ratios of annual Ad Valorem Property Taxes collected to Ad Valorem Property Taxes levied in each year (2000, 2001 and 2002, the last years for which such information is available). Collections include current year amounts and delinquent taxes collected in each year which were levied in prior years

APPENDIX B

DEFINITIONS

B-1 Certain Definitions Used in Indenture

B-2 Certain Definitions Used in Warrant Purchase Agreement

APPENDIX B-1

CERTAIN DEFINITIONS IN INDENTURE

APPENDIX B-1

CERTAIN DEFINITIONS

The following are definitions of certain of the terms used in this Official Statement and defined in the Indenture.

"Account" means any of the accounts established, held and disbursed by the Trustee under the Indenture.

"Act" means Indiana Code Title 5, Article 1.5, as amended.

"Additional Notes" means any of the Bond Bank Midyear Funding Program Notes, other than the Notes (as herein defined), as authorized by, and authenticated and delivered pursuant to, the Indenture and a Supplemental Indenture.

"Advance Funding Program General Fund" means the General Fund established by the Note Indenture, dated as of January 1, 2003, between the Bond Bank and BNY Trust Company of Missouri, as Trustee.

"Authorized Official" means the duly elected or appointed treasurer, controller, clerk-treasurer, school superintendent, school business manager, township trustee or other authorized financial official of a Qualified Entity or, to the extent permitted by law, an authorized deputy thereof.

"Authorized Officer" means the Chairman, the Vice Chairman or the Executive Director of the Bond Bank.

"Bank" means the issuer of the outstanding Credit Facility, which shall be an entity rated in the two full highest rating categories by Moody's and S&P at the time of execution of the Credit Facility Agreement, and initially means the Bank of New York.

"Code" means the Internal Revenue Code of 1986, as amended and in effect on the date of the issuance of the Notes, and the applicable judicial decisions and published rulings and any applicable regulations promulgated or proposed thereunder or under the Internal Revenue Code of 1954.

"Credit Facility" means the credit facility extended by the Bank, effective on the date of issuance of the Notes, pursuant to the Credit Facility Agreement.

"Credit Facility Agreement" means the Credit Facility and Reimbursement Agreement dated as of June 1, 2003, between the Bond Bank and the Bank providing for the timely payment, when due, of a portion of the principal of and interest on the Notes, all subject to such conditions and under such terms as described in Article X of the Indenture.

"Fiscal Year" means, when applied to a Qualified Entity, the fiscal year of each Qualified Entity which commences on the first day of January of a year and terminates on the last day of December of such year and, when applied to the Bond Bank, the fiscal year of the Bond Bank which commences on the first day of July and terminates on the last day of June of the following calendar year.

"Fund" means any of the funds established, held and disbursed by the Trustee under the Indenture.

"Government Obligations" means: (a) direct obligations of the United States of America; (b) obligations guaranteed as to principal and interest by the United States of America or any federal agency whose obligations are backed by the full faith and credit of the United States of America, including but not limited to: Department of Housing and Urban Development, Export-Import Bank, Farmers Home Administration, Federal Financing Bank, Federal Housing Administration, General Services Administration, Government National Mortgage Association, Maritime Administration or Small Business Administration; which obligations include but are not limited to certificates or receipts representing direct ownership of future interest or principal payments on obligations described in clause (a) or in this clause (b) and which are held by a custodian in safekeeping on behalf of the holders of such receipts; (c) securities evidencing ownership interests in open-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, whose investments are limited to the obligations described in clauses (a) and (b) and to repurchase agreements fully collateralized by such obligations; and (d) obligations of any state of the United States or any political subdivision thereof, the full payment of the principal of, premium, if any, and interest on which (i) is unconditionally guaranteed or insured by the United States of America, or (ii) is provided for by an irrevocable deposit of the securities described in subclause (a); all to the extent such investments are permitted by law.

"Investment Agreement" means the Investment Agreement, dated as of June 1, 2003, by and among the Trustee, the Bond Bank and CDC Funding Corp., a subsidiary of CDC Finance – CDC IXIS, a bank (société anonyme) governed by French law, providing for the investment of moneys held by the Trustee hereunder in certain Funds and Accounts.

"Investment Securities" means any of the following to the extent such investments are permitted by law: (a) Government Obligations; (b) certificates of deposit fully and promptly secured at all times by Government Obligations; provided, that such certificates are with commercial banks, savings and loan associations, mutual savings banks, or credit unions, including the Trustee, which are rated at least Aa or higher by Moody's and AA or higher by S&P; (c) certificates of deposit, savings accounts, deposit accounts or depository receipts of commercial banks, savings and loan associations, mutual savings banks, or credit unions, including the Trustee, which are fully insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration, and which are rated at the time of purchase at least Aa or higher by Moody's and AA or higher by S&P; (d) banker's acceptances of commercial banks, savings and loan associations or mutual savings banks, including the Trustee, which mature not more than one (1) year after the date of purchase; provided, such commercial banks, savings and loan associations, or mutual savings banks (as opposed to their holding companies) must be rated for unsecured debt at the time of purchase of the investments Aa or higher by Moody's and AA or higher by S&P; (e) investment agreements issued by entities rated Aa3 or higher by Moody's and AA- by S&P at the time of execution, including the Investment Agreement; (f) repurchase agreements with any bank or trust company organized under the laws of any state of the United

States of America or any banking association, including the Trustee, or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York; provided, that any such bank, trust company or dealer is rated at the time of purchase at least Aa or higher by Moody's and AA or higher by S&P; and provided further, that each repurchase agreement is secured by Government Obligations having at all times a market value not less than 102% of the principal amount of such repurchase agreement; and (g) shares of mutual funds that invest only in Government Obligations that are rated in the highest category by Moody's and S&P.

"Moody's" means Moody's Investors Service, Inc., New York, New York.

"Note Registrar" or "Registrar" means the Trustee acting as such under the Indenture.

"Payment Date" means any date on which principal and interest is payable on the Notes.

"Positive Cash Flow Certificate" means a certificate prepared in accordance with the Indenture to the effect that immediately after the occurrence or nonoccurrence of a specific action or omission, as appropriate, Revenues expected to be received, together with moneys expected to be held in the Funds and Accounts (other than the Rebate Fund) and available therefor as provided in the Indenture, will at least be sufficient on each Payment Date to provide for the payment of the principal of and interest on the Outstanding Notes due on each such date and the payment of Program Expenses, if any.

"Program" means the program of the Bond Bank for purchasing Warrants of Qualified Entities from proceeds of the Notes pursuant to the Act.

"Program Expenses" means the expenses authorized to be incurred by the Bond Bank from time to time in connection with the implementation, operation and continuation of the Program, as set forth in the Indenture.

"Revenues" means the income, revenues and profits of the Funds and Accounts under the Indenture, as referred to in the granting clauses of the Indenture.

"S&P" means Standard & Poor's, a Division of The McGraw-Hill Companies, New York, New York.

"Supplemental Indenture" means any indenture supplemental to or amendatory of the Indenture as originally executed which is duly executed in accordance with the provisions of the Indenture.

"Warrants" means the warrants issued by Qualified Entities which are parties to the Warrant Purchase Agreements, which warrants are issued in anticipation of Ad Valorem Property Taxes levied and in the course of collection by a Qualified Entity (and (a) in the case of school corporations, which warrants may, in addition, in the sole discretion of the Bond Bank, be issued in anticipation of State tuition support distributions in the course of collection by such school corporations, and (b) in the case of a township, which warrants may, in addition, in the sole discretion of the Bond Bank, be issued in anticipation of other revenues to be received by the township on or before December 31, 2003), and which are purchased by the Trustee on behalf of the Bond Bank in accordance with the Indenture.

APPENDIX B-2

CERTAIN DEFINITIONS IN WARRANT PURCHASE AGREEMENT

APPENDIX B-2

CERTAIN DEFINITIONS

The following are definitions of certain terms used in the Official Statement and defined in the Warrant Purchase Agreement.

"County Auditor" means the authorized officer of the county in which a Qualified Entity is located with jurisdiction and responsibility for the remittance of tax revenues collected for such Qualified Entity.

"Cumulative Cash Flow Deficit" means, with respect to any fund of a Qualified Entity upon which Warrants are issued, the excess of the expenses paid during the Tax Period which would ordinarily be paid out of such fund or financed by anticipated tax or other revenues of such fund, over the aggregate amount available (other than from proceeds of the Warrants) during the Tax Period for the payment of such expenses.

"Outstanding" or "outstanding Warrant" means, when used with reference to the Warrants, the unpaid amount of any Warrant purchased by the Bond Bank pursuant to an Agreement and not theretofore paid by a Qualified Entity.

"Reinvestment Rate" means the greater of (a) the original interest rate on the Warrants or (b) the per annum rate of interest equal to the defined rate or index specified for use in fixing or setting the per annum rate charged by the Bank for funds borrowed under the Credit Facility Agreement with the Bond Bank.

"Tax Period" means the period beginning on the date of issuance of the Warrants and ending on the earlier of the date six months after such date of issuance or the date of the computation of the Cumulative Cash Flow Deficit.

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

Upon delivery of the Notes, Barnes & Thornburg, bond counsel,
proposes to deliver an opinion in substantially the following form:

_________, 2003

Indiana Bond Bank
Indianapolis, Indiana

Re: Indiana Bond Bank
Midyear Funding Program Notes, Series 2003 A

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Indiana Bond Bank (the "Issuer") of its Midyear Funding Program Notes, Series 2003 A, dated June 12, 2003 (the "Notes"), in the aggregate principal amount of $349,205,000, pursuant to Indiana Code 5-1.5, as amended, and the Note Indenture, dated as of June 1, 2003 (the "Indenture"), between the Issuer and BNY Trust Company of Missouri, as trustee. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Indenture, the certified proceedings for the authorization, issuance and sale of the Notes and other certifications of public officials furnished to us, and certifications, representations and other information furnished to us by or on behalf of the Issuer, the Qualified Entities (as defined in the Indenture) and others, including certifications contained in the tax and arbitrage certificate of the Issuer, dated the date hereof, and the tax and arbitrage certificates of each of the Qualified Entities, dated the date hereof, without undertaking to verify the same by independent investigation. We have relied upon the opinion of Baker & Daniels, Indianapolis, Indiana, special counsel to the Issuer, dated the date hereof, as to the matters stated therein. We have relied upon the report of Crowe Chizek and Company LLC, Indianapolis, Indiana, independent certified public accountants, dated the date hereof, as to the matters stated therein.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer is a body corporate and politic, validly existing under the laws of the State of Indiana (the "State"), with the corporate power to enter into the Indenture and perform its obligations thereunder and to issue the Notes.

2. The Notes have been duly authorized, executed and delivered by the Issuer, and are valid and binding limited obligations of the Issuer, enforceable in accordance with their terms. The Notes are payable solely from the Trust Estate (as defined in the Indenture).

3. The Indenture has been duly authorized, executed and delivered by the Issuer, and is a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms.

4. Under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on this date (the "Code"), the interest on the Notes is excluded from gross income for federal income tax purposes. The opinion set forth in the preceding sentence is subject to the condition that each of the Issuer and the Qualified Entities comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Each of the Issuer and the Qualified Entities has covenanted or represented that it will comply with such requirements. Failure to comply with certain of such requirements may cause the interest on the Notes to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. Except for the opinion expressed in paragraph 5 hereof, we express no opinion regarding any other federal tax consequences arising with respect to the Notes.

5. Interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings.

6. Interest on the Notes is exempt from income taxation in the State for all purposes, except the State financial institutions tax.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement, dated June 6, 2003, or any other offering material relating to the Notes.

With respect to the enforceability of any document or instrument, this opinion is subject to the qualifications that: (i) enforceability of such document or instrument may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance and similar laws relating to or affecting the enforcement of creditors' rights; (ii) the enforceability of equitable rights and remedies provided for in such document or instrument is subject to judicial discretion, and the enforceability of such document or instrument may be limited by general principles of equity; (iii) the enforceability of such document or instrument may be limited by public policy; and (iv) certain remedial, waiver and other provisions of such document or instrument may be unenforceable, provided, however, that in our opinion the unenforceability of those provisions would not, subject to the other qualifications set forth herein, affect the validity of such document or instrument or prevent the practical realization of the benefits thereof.

Very truly yours,

APPENDIX D

THE BANK OF NEW YORK

APPENDIX D

THE BANK OF NEW YORK

The Bank of New York (the "Bank") is the principal subsidiary of The Bank of New York Company, Inc. (NYSE: BK), a financial holding company (the "Company"). The Company provides a complete range of banking and other financial services to corporations and individuals worldwide through its basic businesses, namely, Securities Servicing and Global Payment Services, Corporate Banking, BNY Asset Management and Private Client Services, Retail Banking, and Financial Market Services. Additional information on the Company is available at www.bankofny.com.

The Bank of New York was founded in 1784 by Alexander Hamilton and is the nation's oldest bank. The Bank is a state chartered New York banking corporation and a member of the Federal Reserve System. Its business is subject to examination and regulation by federal and state banking authorities.

The Bank has long-term senior debt ratings of "AA"/"Aa2" and short-term ratings of "A1+/P1" from Standard & Poor's Ratings Services and Moody's Investors Service, Inc., respectively.

The Bank of New York's principal office is located at One Wall Street, New York, New York 10286. A copy of the most recent annual report and 10-K of the Company may be obtained from the Bank's Public Relations Department, One Wall Street, 31st Floor, (212) 635-1569 or by visiting the Bank's website.

APPENDIX E

SUMMARY OF CERTAIN LEGAL DOCUMENTS

APPENDIX E-1

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX E-1

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain of the provisions of the Indenture and does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by, reference to the Indenture.

Additional Notes

The Bond Bank may issue Additional Notes on a parity with the Notes in order to purchase Warrants from Qualified Entities and to pay the costs of issuance of such Additional Notes. The Additional Notes must be issued pursuant to a supplemental indenture authorizing the issuance of such Additional Notes. Additional Notes may not mature later than December 31, 2004.

The Additional Notes may be issued upon delivery by the Bond Bank to the Trustee of: (a) a copy of the resolution adopted by the Bond Bank authorizing the execution and delivery of the supplemental indenture and the Agreements, and the execution, issuance, sale, and delivery of the Additional Notes; (b) an originally executed copy of the supplemental indenture specifying the terms of the Additional Notes; (c) each of the notices and certificates required for delivery of Notes, all as modified with respect to the Additional Notes; and (d) an opinion of bond counsel to the effect that the issuance and sale of such Additional Notes will not result in interest on any previously issued Notes becoming includable in gross income for purposes of federal income taxation pursuant to Section 103 of the Code. Further, no Additional Notes may be issued on a parity with the Notes, unless (a) the Bank consents in writing to the issuance of such Additional Notes and (b) the issuance of the Additional Notes will not result in a lowering or withdrawal of any rating on the Notes as evidenced by written confirmation by Moody's and S&P.

Warrants purchased from Qualified Entities with proceeds of Additional Notes will be purchased pursuant to an Agreement, provided, however, no Warrants will be purchased unless the requirements set forth in the Indenture have been met. See the heading "Conditions Precedent to Purchase of Warrants" herein.

Conditions Precedent to Purchase of Warrants

The Trustee will not purchase any Warrant issued under any Agreement until it has had the opportunity to review with respect to the Qualified Entity which is a party to such Agreement each of the following:

(1) An original executed counterpart of the Agreement;

(2) An opinion or certificate of counsel for the Qualified Entity to the effect that the Agreement has been validly executed and delivered on behalf of the Qualified Entity and constitutes a binding agreement by and between the Qualified Entity and the Bond Bank;

(3) The Warrant or Warrants, executed by the Qualified Entity and delivered in accordance with the Act, in such form as will comply with the applicable provisions of the Agreement and the Indenture and is acceptable to the Trustee;

(4) A written requisition of the Bond Bank signed by an Authorized Officer, stating to whom, in what amount, and by what method payment is to be made;

(5) A certificate of an Authorized Officer attached to the requisition described in (4) above, to the effect that (1) the Qualified Entity, pursuant to its Agreement, has sold or will sell such Warrant or Warrants to the Bond Bank; (2) the Qualified Entity is obligated to make all payments of principal and interest as and when required to be made thereunder and to pay all fees and charges required to be paid to or on behalf of the Bond Bank under the Indenture and the Agreement; (3) to the knowledge of such officer, the Qualified Entity is not in default under the payment terms or other material terms or provisions of any other obligations of that Qualified Entity; and (4) the Qualified Entity has made all of the certifications required by the Act and the Agreement and such other certifications and representations as may be reasonable and appropriate;

(6) An Opinion of Bond Counsel, in form and substance satisfactory to the Bond Bank and the Trustee, to the effect that either (i) such Warrant or Warrants bear interest that is excludable from gross income under Section 103 of the Code for purposes of federal income taxation or (ii) the purchase by the Bond Bank of any Warrant or Warrants bearing interest that is not excludable from gross income under Section 103 of the Code for purposes of federal income taxation would not result in interest on the Notes ceasing to be excludable from gross income under Section 103 of the Code for purposes of federal income taxation; and

(7) A certificate of an Authorized Official of the Qualified Entity to the effect that the representations and warranties of the Qualified Entity contained in the Agreement are true, complete and correct as of the time of such purchase.

Program Covenants

In order to provide for the payment of the principal of and interest on Notes (including any repayment under the terms of the Credit Facility Agreement) and of Program Expenses, the Bond Bank will, from time to time in a sound and economical manner in accordance with the Act and the Indenture undertake all necessary actions to receive and collect Revenues, including enforcement of the prompt collection of any arrears on Warrants. Whenever necessary to provide for the payment on the Notes, the Bond Bank will also commence to pursue appropriate remedies with respect to any Warrant held by the Bond Bank which is in default.

The Bond Bank will (i) not purchase a Warrant for a fund in a principal amount in excess of eighty percent (80%) of the semiannual levy in anticipation of which such Warrant is issued (as estimated or certified by the Department of Local Government Finance) (except, as to school corporations, such 80% limit shall apply to the sum of the semiannual levy and the State tuition support distributions in anticipation of which such Warrant is issued (as estimated or certified by the Department of Local Government Finance and the Department of Education)), and (ii) not consent, pursuant to the Agreement, to the issuance by a Qualified Entity of any parity obligations similar to the Warrants in an amount which, together with other warrants outstanding for a fund, would exceed eighty percent (80%) of such semiannual levy which is anticipated to be collected by the Qualified Entity in such fund by the time such Warrant is due and payable (except, as to school corporations, such eighty percent (80%) limit shall apply to the sum of the semiannual levy and the State tuition support distributions in anticipation of which such Warrant is issued) unless the Bond Bank receives written approval from Moody's and S&P.

Warrant Covenants

With respect to the Warrants purchased by the Bond Bank, the Bond Bank covenants as follows:

(1) To the extent that such action would not adversely affect the validity of such Warrants, the Bond Bank will instruct the Trustee to pursue the remedy set forth in the Act for collection of deficiencies on any Warrants by collection of such deficiencies out of certain State funds payable but not yet paid to a defaulting Qualified Entity.

(2) The Bond Bank will diligently enforce and take all actions necessary to protect its rights with respect to any Warrants and will also enforce or authorize the enforcement of all remedies available to owners or holders of the Warrants, unless the Bond Bank provides the Trustee and the Bank with a Positive Cash Flow Certificate giving effect to the Bond Bank's failure to enforce or authorize the enforcement of such remedies. Decisions as to the enforcement of such remedies will be within the Trustee's sole discretion, unless the Bank is the only owner of outstanding Notes, in which case, all decisions as to the enforcement of particular remedies will be within the sole discretion of the Bank.

(3) Except as otherwise provided in the Indenture, the Bond Bank will not (i) permit or agree to any material change in any of the Warrants or (ii) sell or otherwise dispose of any Warrants, unless the Bond Bank provides the Trustee and the Bank with a Cash Flow Certificate giving effect to such action and the Trustee and the Bank provide written approval thereof. Notwithstanding the foregoing, in the event a Qualified Entity has not received a property tax distribution by December 31, 2003, the Bond Bank has reserved the right to enter into a supplemental Agreement with the Qualified Entity for the issuance of a new warrant by the Qualified Entity in substitution of its Warrant. The principal amount of and interest rate on the new warrant will not be less than the unpaid principal amount of and interest rate on the Warrant. The new warrant will mature no later than April 15, 2004.

Accounts and Reports

The Bond Bank will keep proper and separate books of records and accounts in which complete and correct entries will be made of its transactions relating to the Program and the

Funds and Accounts established by the Indenture. Such books and all other books and papers of the Bond Bank and all Funds and Accounts will, at all reasonable times, be subject to the inspection of the Trustee, the Bank, and the owners of an aggregate of not less than five percent (5%) in principal amount of Notes then outstanding or their representatives duly authorized in writing.

Before September 1, 2003, the Trustee will provide the Bond Bank with a statement of the amounts on deposit in each Fund and Account as of August 15, 2003, and the total deposits to and withdrawals from each Fund and Account since June 1, 2003.

Annual Budget

The Bond Bank will adopt and file with the Trustee and appropriate State officials under the Act an annual budget covering its fiscal operations for the Fiscal Year commencing July 1, 2003 not later than July 1, 2003. The annual budget will be open to inspection by any owner of Notes. In the event the Bond Bank does not adopt an annual budget for the succeeding Fiscal Year on or before July 1, 2003, the budget for the preceding Fiscal Year will be deemed to have been adopted and be in effect for the succeeding Fiscal Year until the annual budget for such Fiscal Year has been duly adopted. The Bond Bank may at any time adopt an amended annual budget in the manner then provided in the Act.

Covenant to Monitor Investments

The Bond Bank covenants and agrees to review regularly the investments held by the Trustee in the Funds and Accounts under the Indenture in order to assure that Revenues derived from such investments are sufficient to pay, together with other anticipated Revenues, the debt service on all Notes outstanding under the Indenture.

Preservation of Tax Exemption of the Notes

In order to assure the continuing excludability of interest on the Notes from the gross income of the owners thereof for purposes of federal income taxation, the Bond Bank covenants and agrees to take all actions and not to fail to take any actions necessary in order to preserve and protect such excludability. Additionally, the Bond Bank covenants and agrees not to take any action or fail to take any action with respect to the investment of the proceeds of the Notes or the investment or application of any payments of the principal of and interest on any Warrant or any other agreement or instrument entered into in connection therewith or with the issuance of the Notes, including but not limited to any obligation to rebate certain funds to the United States of America, which would result in constituting any Notes as "arbitrage bonds" within the meaning of Section 148 of the Code. The Trustee also covenants and agrees not to take any action or omit to take any action or permit any action or omission within its control to be taken or omitted which would, to the knowledge of the Trustee, impair the excludability from gross income for federal income tax purposes of interest on the Notes.

Covenants Concerning Credit Facility Agreement

The Bond Bank will review regularly the Warrants and the security and sources of payment therefor for the purpose of assuring that the payment of principal of and interest on the

Warrants, together with other Revenues, will be sufficient to provide for the timely payment of principal of and interest on the Notes.

The Bond Bank further will comply with the Credit Facility Agreement and the Trustee will take all action necessary to effect the Bond Bank's compliance with the Credit Facility Agreement.

Events of Default

Any of the following events constitutes an "Event of Default" under the Indenture:

(a) A default occurs in the due and punctual payment of the principal of or interest on any Note;

(b) The Bond Bank defaults in the performance of any of its other covenants, agreements or conditions contained in the Indenture, any Agreement, or the Notes and fails to remedy such Event of Default within sixty (60) days after receipt of notice, all in accordance with the Indenture;

(c) Any warranty, representation or other statement by or on behalf of the Bond Bank contained in the Indenture or in any instrument furnished in compliance with or in reference to the Indenture is false or misleading in any material respect when made and there has been a failure to remedy such Event of Default within sixty (60) days after receipt of notice, all in accordance with the Indenture;

(d) The Bond Bank fails to make remittances required by the Indenture to the Trustee within the time limits prescribed in the Indenture;

(e) A petition is filed against the Bond Bank under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within sixty (60) days after such filing;

(f) The Bond Bank files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law;

(g) The Bond Bank is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a liquidator or trustee of the Bond Bank or any of its property is appointed by court order or takes possession and such order remains in effect or such possession continues for more than sixty (60) days;

(h) The Bond Bank is rendered incapable of fulfilling its obligations under the Indenture for any reason; or

(i) An event of default occurs under the Credit Facility Agreement and the Bank exercises its right to terminate the Credit Facility thereunder.

No default under subparagraphs (b) or (c) above will constitute an Event of Default until actual notice of the default by registered or certified mail has been given to the Bond Bank by the Trustee, the Bank, or the owners of not less than twenty-five percent (25%) in aggregate principal amount of all Notes then outstanding and the Bond Bank has had sixty (60) days after receipt of the notice to correct such default, and shall not have corrected such default or caused such default to be corrected within such period. If such default is correctable but cannot be corrected within such period, it will not constitute an Event of Default if corrective action is instituted by the Bond Bank within the applicable period and diligently pursued until the default is corrected.

Remedies

Upon the occurrence of an Event of Default, the Trustee will notify the owners of Notes of such Event of Default and will have the following rights and remedies:

(1) The Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest on outstanding Warrants, subject to their terms and to enforce the payment of principal of and interest on the Notes when due;

(2) The Trustee may by action or suit in equity require the Bond Bank to account as if it were the trustee of an express trust for the owners of the Notes and may take such action with respect to the Warrants as the Trustee deems necessary or appropriate and in the best interest of the owners of Notes, subject to the terms of the Warrants;

(3) Upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the owners of Notes under the Indenture, the Trustee will be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate under the Indenture and of the Revenues, issues, earnings, income, products, and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer;

(4) Upon the occurrence and continuance of an Event of Default described in subparagraph (a) or (d) above, the Trustee will request payment from the Bank under the Credit Facility;

(5) Upon the occurrence of an Event of Default described in subparagraph (i) above, the Trustee will request payment from the Bank under the Credit Facility in an amount equal to the total amount available to be requested under the Credit Facility;

(6) Upon the occurrence and continuance of an Event of Default and if requested to do so by the owners of a majority in aggregate principal amount of all Notes then outstanding and if indemnified as provided in the Indenture, the Trustee will be

obligated to exercise such of the rights, remedies, and powers conferred by the Indenture, as the Trustee, being advised by counsel, deems most expedient in the interests of the owners of Notes; and

(7) Upon the occurrence and continuance of an Event of Default and in the event the Bank (i) has been deemed an owner of Notes pursuant to the Indenture, (ii) is the only owner of outstanding Notes, and (iii) has requested the Trustee so to do, and further, if the Trustee is indemnified as provided in the Indenture, the Trustee will be obligated to exercise one or more of the rights, remedies and powers conferred by the Indenture, as the Trustee, being advised by counsel and the Bank, deems most expedient in the interest of the Bank as Noteholder.

Upon receipt of payment from the Bank under the Credit Facility Agreement and subsequent payment of the principal of and interest on the Notes by the Bond Bank, and notwithstanding any other provisions in the Indenture, the Notes so paid will remain outstanding, will not be deemed defeased or otherwise satisfied, will not be considered paid by the Bond Bank, and will continue to be due and owing until paid by the Bond Bank with interest at the Reinvestment Rate (as defined in Appendix B-2), and the assignment and pledge of the Trust Estate and all covenants, agreements, and other obligations of the Bond Bank to the registered owners of the Notes so paid will continue to exist and run to the benefit of the Bank, and the Bank will become subrogated to the rights of the recipients of such payments of principal of and interest on such Notes and will be deemed to be the owner of such Notes; provided, however, that any interest in, lien on, or pledge of the Trust Estate in favor of the Bank (as holder of such Notes) will be junior and subordinate to any interest in, lien on, or pledge of the Trust Estate in favor of any owner of Notes other than the Bank. To evidence such subrogation and ownership, the Trustee will note the Bank's rights as subrogee and owner on the registration books maintained by the Trustee upon receipt from the Bank of the payment to the Bond Bank and payment of principal of and interest to the holders of such Notes.

After payment of all principal of and interest on the Notes, the Trustee shall deliver to the Bank the net amount of any advance under the Credit Facility previously disbursed and not used to make payment on the Notes.

Rights and Remedies of Owners of Notes

No owner of any Note will have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or for any other remedy under the Indenture, unless (i) a default has occurred and the Trustee has been notified or is deemed to have notice thereof pursuant to the Indenture, (ii) such default has become an Event of Default and the owners of a majority in aggregate principal amount of all Notes then outstanding have made written request to the Trustee and have offered the Trustee reasonable opportunity either to proceed to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name, (iii) such owners of Notes have offered to indemnify the Trustee, as provided in the Indenture and (iv) the Trustee has refused, or for 60 days after receipt of such request and offer of indemnification has failed, to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name. All proceedings at law or in equity must be carried out as provided in the Indenture and for the equal benefit of the owners of all outstanding Notes. However, nothing contained in the Indenture will affect or impair the right of any owner of Notes to enforce the payment of the principal of and interest on any Note or the limited obligation of the Bond Bank to pay the principal of and interest on each of the Notes to the owners of the Notes at the time and place, from the source, and in the manner expressed in the Indenture and the Notes.

The owners of a majority in aggregate principal amount of all Notes then outstanding will have the right, at any time during the continuance of an Event of Default, by a written instrument or instruments executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the appointment of a receiver or any other proceedings under the Indenture. However, such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Waivers of Events of Default

At its discretion and with the consent of the Bank, the Trustee may waive any Event of Default and its consequences, and must do so upon the written request of the owners of (i) more than sixty-five percent (65%) in aggregate principal amount of all Notes then outstanding in respect of which an Event of Default in the payment of principal or interest exists or (ii) a majority in aggregate principal amount of all Notes then outstanding in the case of any other Event of Default. However, there may not be waived (A) any Event of Default in the payment of the principal of any outstanding Note at the specified date of maturity or (B) any Event of Default in the payment when due of the interest on any outstanding Note, unless, prior to the waiver, all arrears of payments of interest or principal due, as the case may be, with interest on overdue principal at the rate borne by such Note, and all expenses of the Trustee in connection with the Event of Default have been paid or provided for. In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default has been discontinued or abandoned or determined adversely, then the Bond Bank, the Trustee and the owners of Notes will be restored to their former positions and rights under the Indenture. No such waiver or rescission will extend to any subsequent or other Event of Default or impair any rights consequent thereon.

Supplemental Indentures

The Bond Bank and the Trustee, without the consent of, or notice to, any of the owners of Notes, but with the written consent of the Bank, may enter into an indenture or indentures supplemental to the Indenture for any one of more of the following purposes:

(a) To cure any ambiguity, formal defect or omission in the Indenture;

(b) To grant to or confer upon the Trustee for the benefit of the owners of Notes any additional benefits, rights, remedies, powers or authority that may lawfully be granted to or conferred upon the owners of Notes or the Trustee, or to make any change which, in the judgment of the Trustee, does not materially and adversely affect the interest of the owners of Notes and does not otherwise require the consent of the owners of all Notes then outstanding under the Indenture;

(c) To subject to the lien and pledge of the Indenture for the benefit and security of the owners of the Notes then outstanding additional revenues, properties or collateral;

(d) To modify, amend or supplement the Indenture or any supplemental indenture in order to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Notes for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, in connection therewith, if the Bond Bank and the Trustee so determine, to add to the Indenture or to any supplemental indenture such other terms, conditions, and provisions as may be permitted by the Trust Indenture Act of 1939, as amended, or federal or state statute; provided, that any such Supplemental Indenture shall not, in the judgment of the Trustee, which may rely on an opinion of counsel, be to the prejudice of the owners of any of the Notes or grant a privilege, priority or preference to any one Note over any other Note;

(e) To evidence the appointment of a separate or cotrustee or the succession of a new Trustee under the Indenture or the succession of a new registrar and/or paying agent;

(f) To modify, amend or supplement the Indenture or any Supplemental Indenture to enable the Bond Bank to comply with its covenants regarding the excludability of interest from gross income of the owner of the Notes for federal income tax purposes, so long as any such action is not to the prejudice of the owners of the Notes;

(g) To authorize the issuance of Additional Notes; or

(h) To modify, amend or supplement the Indenture or any Supplemental Indenture in any manner which, in the reasonable opinion of the Trustee, does not adversely affect, in any material respect, the security for the Notes.

With the exception of Supplemental Indentures for the purposes described in the preceding paragraph and subject to the terms of the Indenture, the owners of not less than a majority of the principal amount of all Notes then outstanding (other than Notes held by the Bond Bank) will have the right, from time to time, to consent to and approve the execution by the Bond Bank and the Trustee of any Supplemental Indenture or indentures deemed necessary and desirable by the Bond Bank for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture. However, nothing contained in the Indenture shall permit or be construed as permitting, without the consent of the Bank and owners of all Notes then outstanding, (i) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of payment of interest on, any Notes, or (ii) the creation of any lien on the Trust Estate prior to the lien of the Indenture, or (iii) a reduction in the aggregate principal amount of the Notes the owners of which are required to consent to such Supplemental Indenture, or (iv) the granting of a privilege, priority or preference to any of the

Notes over any other Notes or (v) any amendment or modification of the trusts, powers, rights, obligations, duties, remedies, immunities, or privileges of the Trustee without the written consent of the Trustee.

Defeasance and Discharge of Lien of Indenture

If (a) payment or provision for payment is made to the Trustee of the whole amount of the principal of, and interest on, the Notes due and to become due under the Indenture, (b) all Credit Obligations (as defined in the Credit Facility Agreement) have been discharged and there are no amounts owed by the Bond Bank to the Bank under the Credit Facility Agreement and (c) the Trustee receives all payments due and to become due under the Indenture, then the Indenture may be discharged in accordance with its provisions.

Any Note will be deemed to be paid when: (a) payment of the principal of that Note, plus interest to its due date, either (i) has been made or has been caused to be made in accordance with its terms or (ii) has been provided for by irrevocably depositing with the Trustee, in trust and exclusively for such payment, (A) moneys sufficient to make such payment, (B) direct obligations of the United States of America maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestments thereof, as will insure the availability of sufficient moneys to make such payments ("Defeasance Obligations") or (C) a combination of such moneys and such Defeasance Obligations; and (b) all other sums payable under the Indenture by the Bond Bank, including the necessary and proper fees and expenses of the Trustee pertaining to the Notes and any amounts required to be rebated to the United States of America, have been paid to or deposited with the Trustee.

APPENDIX E-2

SUMMARY OF CERTAIN PROVISIONS OF THE WARRANT PURCHASE AGREEMENTS

APPENDIX E-2

SUMMARY OF CERTAIN PROVISIONS OF THE WARRANT PURCHASE AGREEMENTS

The following is a summary of certain of the provisions of the Agreements and does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by, reference to the Agreements.

Representations of the Bond Bank

The Bond Bank will represent and warrant in each Agreement, among other things, that:

(1) It is a public body corporate and politic with full power and authority to enter into the Agreement and to perform its obligations thereunder;

(2) By all required action, the Agreement and the Indenture and their respective execution and delivery have been duly adopted and authorized by the Bond Bank; and

(3) The execution and delivery of the Agreement, and the performance of the Bond Bank of its obligations thereunder will not violate or result in a breach of any of the terms of, or constitute a default under, the Act or any instrument to which the Bond Bank is a party or by which it is bound.

Representations of the Qualified Entity

The Qualified Entity will represent and warrant in its Agreement, among other things, that as of the date of the Agreement and the purchase of Warrants made thereunder:

(1) It is a duly organized and existing political subdivision and constitutes a "qualified entity" within the meaning of the Act;

(2) It has full power and authority to enter into the Agreement and perform its obligations thereunder;

(3) By all required action, it has duly authorized the execution and delivery of the Agreement;

(4) The execution, delivery and performance of the Agreement by the Qualified Entity will not conflict with or result in a breach under or constitute a default under any instrument to which the Qualified Entity is a party or by which it is bound;

(5) There is no litigation pending or, to the knowledge of the Qualified Entity, threatened that challenges or questions the validity or binding effect of the Agreement or the Warrants or its authority or ability to execute and deliver the

Agreement or the Warrants or perform its obligations thereunder or that would, if adversely determined, have a significant adverse effect on the ability of the Qualified Entity to meet its obligations under the Agreement or the Warrants;

(6) Unless otherwise disclosed in writing to the Bond Bank, it has not, during the last 40 years, failed to pay when due interest on or principal of, and is not now in default under any obligation or indebtedness;

(7) Unless otherwise disclosed in writing to the Bond Bank, it has, during its three most recent Fiscal Years, achieved an Ad Valorem Property Tax collection rate of at least eighty-five percent (85%);

(8) All information furnished by it to the Bond Bank in connection with its participation in the Program is accurate and complete in all material respects;

(9) It has not purchased and will not purchase, pursuant to any arrangement, the Notes in an amount related to the Warrants;

(10) It has taken or will take all proceedings required by law to enable it to issue and sell the Warrants to the Bond Bank pursuant to the Agreement;

(11) Unless otherwise disclosed in writing to the Bond Bank, it has not issued any other obligations in anticipation of the receipt of Ad Valorem Property Taxes levied and in the course of collection, or if applicable, in anticipation of the receipt of current State tuition support revenue estimated to be received prior to December 31, 2003 (but after the last day of June 2003) for a fund upon which Warrants are to be issued;

(12) Prior to the end of the Tax Period, the Cumulative Cash Flow Deficit with respect to each fund upon which such Warrants will be issued is expected to exceed 90% of the proceeds of all the Warrants issued for such fund; and

(13) There have been levied and are in the course of collection Ad Valorem Property Taxes for each fund upon which Warrants are to be issued with respect to the June and December settlements and distributions in an amount estimated to equal at least 125% of the respective amounts of Warrants maturing on June 30, 2003 (or, if later, the First Settlement Payment Due Date), and payable from the June (that is, the first) tax settlement and distribution and/or maturing on December 31, 2003, and payable from the December (that is, the second and final) tax settlement and distribution.

Purchase of Warrants

The Bond Bank will agree to purchase the Warrants of the Qualified Entity at the purchase price of 100% of the par value thereof in a principal amount agreed to by the Qualified Entity and the Bond Bank. The Bond Bank will disburse the proceeds from the sale of the Warrants to the Qualified Entity on or about the date of issuance of the Notes. The Warrants will bear interest prior to their due date or dates at the per annum rate determined by the Bond Bank, not to exceed six and one-half percent (6.50%). To the extent permitted by law, Warrants not paid on or before the respective due date will bear interest at the Reinvestment Rate thereafter until paid.

Payment

Each Qualified Entity will be required to repay its Outstanding Warrants in full in immediately available funds no later than the applicable: (i) June 30, 2003 (or, if later, the First Settlement Payment Due Date); or (ii) December 31, 2003. On the terms set forth in the Warrant Purchase Agreement, Qualified Entities may prepay the Warrants prior to their due date. Qualified Entities will be required to submit a request to the County Treasurer for an advance distribution of not less than 95% of collections of Ad Valorem Property Taxes for each fund in anticipation of which Warrants are issued. If a Qualified Entity receives advance distributions of Ad Valorem Property Tax collections or other moneys in lieu thereof, and the total of all advance distributions or other moneys in lieu thereof received exceeds five percent (5%) of the total taxes in anticipation of which Warrants have been issued, the Qualified Entity will be required to invest such moneys temporarily in investments which: (i) mature no later than the respective due dates of such Warrants, and are limited solely to interest-bearing time deposits or certificates of deposit of any bank, trust company or national banking association which is a member of the Federal Reserve System and which is designated as a depository under and a participant in the Public Deposit Insurance Fund of the State; or (ii) have been approved by the Bond Bank.

Conditions of Purchase

Prior to the purchase of its Warrant or Warrants, the Trustee will have the opportunity to review the various documents and instruments required by the Agreement with respect to each Qualified Entity, including, among other things, the following:

(1) A certificate executed by an Authorized Official stating (a) the amount of the Cumulative Cash Flow Deficit projected to occur during each month of the Tax Period in each of the funds of the Qualified Entity for which Warrants are to be issued, (b) the amount of taxes estimated or certified by the County Auditor or the Department of Local Government Finance to be levied and collected during the 2003 calendar year for each of the funds for which Warrants are to be issued, and (c) that the Qualified Entity has duly, regularly and properly adopted its budget for the 2003 Fiscal Year, has complied with all statutory and regulatory requirements with respect to its adoption and will expend the proceeds of its Warrant or Warrants for lawful purposes provided for in the budget;

(2) A copy of the final budget order, or if such final budget order is not available, then the most current preliminary budget order, of the Department of Local Government Finance setting forth the annual budgets for each of the funds of the Qualified Entity for which Warrants are to be issued;

(3) A copy of the resolutions or ordinances of the Qualified Entity authorizing the issuance of the Warrants and appropriating and pledging funds for their repayment;

(4) The opinion of bond counsel to the Qualified Entity in the form required by the Agreement;

(5) A signed copy of the opinion or certificate of counsel to the Qualified Entity in the form required by the Agreement;

(6) A copy of the transcript of the proceedings in which the Qualified Entity has authorized the issuance and sale of the Warrants to the Bond Bank; and

(7) All other documents and materials required by bond counsel for the Bond Bank.

Consent to Pledge by Qualified Entity

The Qualified Entity consents and agrees to the assignment and pledge by the Bond Bank of the Warrants and all rights of the Bond Bank under the Agreement to the Trustee and thereafter to the Bank.

Other Borrowings

For so long as its Warrant or Warrants are outstanding, the Qualified Entity will not, without the consent of the Bond Bank and the Bank, issue any warrant or comparable obligation in anticipation of the revenues budgeted for the fund from which the Warrants will be paid for the then current fiscal year.

Reports Relating to Cumulative Cash Flow Deficit and Financial Information.

The Qualified Entity will be required to submit monthly reports regarding its Cumulative Cash Flow Deficit and its compliance with the requirements of Section 148 of the Code.

Maintenance of Tax Exemption and Arbitrage Rebate

The Qualified Entity covenants not to take, or cause or permit itself or any party under its control to take, or fail to take, or cause to permit itself or any party under its control to fail to take, any action that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on its Warrants pursuant to Section 103 of the Code.

The Qualified Entity covenants to take all action necessary and appropriate to comply with the arbitrage rebate requirement under Section 148 of the Code to the extent applicable. The Qualified Entity will bear all responsibility for and pay all expenses of compliance with the rebate requirements with respect to its Warrants.

Remedies

The Qualified Entity acknowledges and agrees that, in the event of its default on any of its obligations under its Agreement or under its Warrants, the Bond Bank (and the Bank under the provisions of the Credit Facility Agreement to the extent that amounts are owed to the Bank under the Credit Facility Agreement) will have any and all remedies available at law or in equity for the enforcement of such obligations. The Qualified Entity further covenants and agrees that, in the event that any default on the payment of principal of or interest on a Warrant is attributable to or arises from a third party's act or omission, the Qualified Entity will diligently prosecute any cause of action arising therefrom in its own name or, at the option of the Bond Bank (and the Bank under the provisions of the Credit Facility Agreement, if amounts are owed to the Bank under the Credit Facility Agreement) and to the extent permitted by law, assign such right to pursue the cause of action in its own name to the Bond Bank (and the Bank under the provisions of the Credit Facility Agreement, if amounts are owed to the Bank under the Credit Facility Agreement).

Additional Costs Imposed on Qualified Entities

The Qualified Entity will agree to pay to the Bond Bank all costs and expenses incurred by or on behalf of the Bond Bank as a result of any failure by the Qualified Entity to comply with the provisions of the Agreement.

APPENDIX E-3

SUMMARY OF CERTAIN PROVISIONS OF THE CREDIT FACILITY AGREEMENT

APPENDIX E-3

SUMMARY OF CERTAIN PROVISIONS OF THE CREDIT FACILITY AGREEMENT

The following is a summary of certain of the provisions of the Credit Facility Agreement and does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by, reference to the Credit Facility Agreement.

Assignment to Trustee

Pursuant to and in accordance with the provisions of the Credit Facility Agreement, the Bond Bank will assign all of its rights under the Credit Facility Agreement to the Trustee. The Trustee will be deemed to be the agent of the Bond Bank for purposes of the Credit Facility Agreement and will have the authority to exercise any and all rights of the Bond Bank under the Credit Facility Agreement, including without limitation, the right to request payment under the Credit Facility Agreement. The obligations of the Bond Bank under the Credit Facility Agreement will remain with the Bond Bank and will not be assigned to the Trustee.

Request for Payment

The Trustee, acting on behalf of the Bond Bank, may request payment under the Credit Facility Agreement at any time during the Bank's business hours by delivery of a certificate requesting payment in the form attached to the Credit Facility Agreement appropriately completed and signed by the Trustee. If a payment request is appropriately completed and received by the Bank on or prior to 10:00 a.m., Indianapolis time, on a banking day, payment will be made to the Trustee of the amount requested not later than 12:00 noon, Indianapolis time, on the same day. If a payment request is appropriately completed and received by the Bank after 10:00 a.m., Indianapolis time, on a banking day, payment will be made to the Trustee of the amount requested not later than 11:00 a.m., Indianapolis time, on the next succeeding banking day. If a payment request is delivered by the Trustee and does not conform to the form of the payment request attached to the Credit Facility Agreement, the Bank will give the Trustee prompt notice of such fact in writing or by telephone or fax, and thereafter, the Trustee may attempt to correct such certificate requesting payment.

Reimbursement and Other Payments by the Bond Bank

Pursuant to and in accordance with the provisions of the Credit Facility Agreement, the Bond Bank agrees to pay to the Bank no later than May 31, 2004, an amount equal to the total amount disbursed under the Credit Facility Agreement, together with interest on such amounts. The Bond Bank will execute a note to evidence its obligations to the Bank under the Credit Facility Agreement (the "Facility Note"). To the extent moneys are available in the Trust Estate for the repayment of credit obligations under the Credit Facility Agreement, the Bond Bank will repay such amounts to the Bank prior to May 31, 2004. Moneys shall be considered available in the Trust Estate for the payment of credit obligations only if and to the extent that moneys in the Trust Estate together with the sum of (1) the principal amount of all Warrants in the Trust Estate (excluding, however, Warrants the payment of principal of or interest on which is in default) and

(2) all interest to be received on all Warrants held in the Trust Estate (excluding, however, Warrants the payment of principal of or interest on which is in default) exceeds the sum of (a) the outstanding principal amount of the Notes (not including, however, any Notes transferred and assigned to the Bank pursuant to the Indenture); (b) the full amount of the interest to be paid on the Notes (not including, however, any Notes transferred and assigned to the Bank pursuant to the Indenture) at their maturity; and (c) the anticipated costs to be incurred in connection with the administration of the Program. If there is a termination of the Credit Facility Agreement, then in no event shall any moneys in the Trust Estate be considered available for or used for the repayment of such credit obligation prior to the date on which the principal of and interest on all Notes (not including, however, any Notes transferred and assigned to the Bank pursuant to the Indenture) has been paid in full.

Covenants of the Bond Bank Under the Credit Facility Agreement

The Bond Bank covenants and agrees, pursuant to the Credit Facility Agreement, among other things:

(1) To comply at all times with its covenants and obligations under the Indenture, the Agreements, and the Notes;

(2) To conduct its affairs and carry on its operations in a manner complying in all material respects with any and all applicable laws of the United States of America and the State of Indiana;

(3) To permit the Bank or any of its agents or representatives to examine and make copies of any abstracts from the records and books of account of the Bond Bank and to discuss the general business affairs of the Bond Bank;

(4) To keep proper books and records of account, in which full and correct entries will be made of financial transactions and the assets of the Bond Bank in accordance with generally accepted accounting principles;

(5) To furnish the Bank with (i) a statement of the Bond Bank setting forth the details of any event of default and the action the Bond Bank proposes to take with respect to such event of default within ten (10) days after the occurrence thereof; (ii) its audited balance sheet and audited income statement, and statement of cash flows as prepared by its independent certified public accountants as soon as possible after the end of each Fiscal Year, (iii) a certificate of the Trustee setting forth the amount on deposit in each Fund and Account held under the Indenture and the total deposits and withdrawals from each Fund and Account during each month, within twenty (20) days after the end of each such month and (iv) such other information regarding the financial condition or operations of the Bond Bank as the Bank may reasonably request;

(6) To promptly furnish to the Bank a copy of all notices, reports, statements, and other communications sent, given, or delivered by the Bond Bank pursuant to or in connection with the Indenture;

(7) Not to create or suffer to exist any liens, security interests, or other encumbrances with respect to the collateral pledged to the Bank under the Credit Facility Agreement, other than as contemplated by the Indenture; and

(8) (i) To regularly review the Warrants and the security and sources of payment therefor for the purpose of assuring that the payment of principal of and interest on such Warrants, together with other Revenues, will be sufficient to provide for the timely payment of the principal of and interest on the Notes, (ii) to pursue all necessary and appropriate actions not inconsistent with the powers and purposes of the Bond Bank under the Act in order to remedy any actual or anticipated deficiency of funds, which may include, without limitation, notification of the General Assembly of the State of any deficiency or projected deficiency in the General Fund under the Indenture and requesting an appropriation or any other available action to satisfy any such deficiency, and exercising its best efforts to pursue and to make available appropriate alternate remedies to satisfy any such deficiency, and (iii) to deposit any amounts received or otherwise made available by the Bond Bank pursuant to its actions taken pursuant to subparagraph (ii) into the General Fund under the Indenture for the payment of principal of and interest on the Notes.

Events of Default

Each of the following will constitute an event of default under the Credit Facility Agreement:

(a) Default in the payment when due, whether by acceleration or otherwise, of any amounts payable under the terms of the Credit Facility Agreement;

(b) Failure by the Bond Bank to comply with any of the covenants set forth in the Credit Facility Agreement, and continuance of such failure for thirty (30) days after notice thereof to the Bond Bank from the Bank;

(c) Any warranty or representation made by the Bond Bank in the Credit Facility Agreement proving to have been false or misleading in any material respect when made, or any schedule, certificate, financial statement, report, notice, or other writing furnished by the Bond Bank to the Bank proving to have been false or misleading in any material respect when made or delivered;

(d) Failure by the Bond Bank to comply with or perform any covenant or other provision of the Credit Facility Agreement and continuance of such failure for thirty (30) days after notice thereof to the Bond Bank from the Bank; and

(e) Failure of the Bond Bank to comply with or perform any covenant or provision of the Indenture, the Notes, the Agreements, or any agreement, document, or instrument executed pursuant thereto, which failure constitutes an "event of default" as defined in such document or agreement, or allows the holder or holders of such obligation, or any trustee for such holders, to pursue its remedies thereunder.

If any event of default occurs and is continuing, then at the election of the Bank, (a) all credit obligations under the Credit Facility Agreement will become immediately due and payable, without demand, presentment, protest, or notice of any kind; (b) the Bank will have the right to terminate the Credit Facility Agreement upon seven (7) banking days' written notice to the Bond Bank, which termination will become effective on the date specified in the notice; (c) the Bank may pursue its rights with respect to the collateral pledged thereto under the Credit Facility Agreement; (d) all outstanding principal and interest on the Facility Note will become immediately due and payable; and (e) the Bank will have the rights and remedies available to it under the Indenture, the Agreements, and the other credit documents or otherwise available pursuant to law or equity.

Termination

The Bank will not exercise its rights to terminate the Credit Facility Agreement until an event of default specified thereunder has occurred and is continuing. The Bank agrees that in the event it determines to terminate the Credit Facility Agreement, the Bond Bank will be permitted to request payment in the full amount available under the Credit Facility Agreement after receipt of notification of termination and prior to the termination date, which will be set forth in the notification and will not be less than seven (7) banking days after delivery of such notification to the Bond Bank.